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Why the Socialists are taking a gamble in Greece, Page 15

Belgium bans British clubs after riot deaths

British football clubs are to be banned from playing in Belgium after the *violence at Wednesday night's European Cup final in Brussels,* between Liverpool of England and Juventus of Italy, which left at least 38 dead and 370 injured.

The English football authorities are also considering pulling British clubs and the England national team out of European competition.

Most of the dead were Juventus supporters and reaction in Italy was a mixture of shock, grief and anger. Liverpool fans were universally condemned, but the Belgian authorities were also criticised for not preventing the sale of alcohol to fans, for failing to keep opposing fans apart and for reacting slowly once the disaster occurred.

British Prime Minister Margaret Thatcher offered £250,000 ($312,500) as an initial contribution to the Italian disaster fund for the victims.

Heavy police guards were placed at the British Embassy in Rome and at British consulates throughout the peninsula. Background, Page 3; Editorial comment, Page 14

World news

Cuba 'may add troops in Angola'

Cuban President Fidel Castro said that he was prepared to strengthen the estimated 25,000-strong Cuban military force in Angola if South Africa failed to grant independence to Namibia.

The warning coincided with talks in Paris between senior U.S. and Soviet Union officials on tensions in southern Africa. Page 4

Paris robbery

Masked robbers shot dead a security guard and a policeman during a hold-up of a security van carrying more than FFr 20m ($2.12m). A second policeman hit by gunfire was rushed to hospital in a serious condition.

Star wars 'threat'

China said President Reagan's star wars space defence plan was aimed at securing American control of outer space and warned it increased the risk of a pre-emptive strike by one of the superpowers. Hundreds of American scientists including more than 50 Nobel science prizewinners appealed today to Washington and Moscow to ban weapons in space. Geneva talks, Page 2

Americans expelled

Four Americans have been expelled from the Soviet Union after meeting a group of human rights activists from Soviet Georgia, the U.S. embassy in Moscow said. No reason was given for their expulsion.

Diplomat disappears

A senior Soviet diplomat in Athens, 44-year-old First Secretary Sergei Bokhan, has disappeared along with his car, the Greek Government said. Page 3

Nuclear-free zone

Iceland's left-wing opposition leader, Svavar Gestsson said a parliamentary vote banning deployment of nuclear weapons in Iceland amounted to a declaration of a nuclear-free zone.

Nicaragua health

Nicaragua's health system is facing serious disruption because of the U.S. embargo on trade with Nicaragua, according to Deputy Foreign Trade Minister Bernardo Chamorro.

Air strike warning

The Spanish Government ordered air traffic controllers to maintain minimum services if they carry out their threat to strike "for better air safety" next week.

Salt appeal

Several Nato allies have urged the U.S. not to abandon the 1979 Strategic Arms Limitation Treaty (Salt) with the Soviet Union, which expires at the end of this year. Page 2

Aids in Japan

The Japanese Health Ministry said that three male haemophiliacs had died after transfusions of imported blood and it was suspected they were Japan's first Aids (Acquired Immune Deficiency Syndrome) victims.

Business summary

Bonn set for record surplus

WEST GERMANY showed a further trade surplus last month and is on course for a record surplus in 1985. Page 16

DOLLAR closed in New York at DM 3.081, FFr 9.3925, SwFr 2.5975 and Y251.75. It fell in London to DM 3.0800 (DM 3.0860) and Y251.50 (Y251.70). It rose to SwFr 2.5975 (SwFr 2.5875) and FFr 9.3850 (FFr 9.39). On Bank of England figures, the dollar's exchange-rate index fell to 146.0 from 146.4. Page 37

STERLING closed in New York at $1.2755. It rose against the dollar in London to close at $1.2745 ($1.2675). It also rose to DM 3.9250 (DM 3.90); SwFr 3.3050 (SwFr 3.2775); FFr 11.95 (FFr 11.90) and Y320.50 (Y319.0). The pound's exchange-rate index rose from 79.3 to 79.9, the highest for a year. Page 37

WALL STREET: The Dow Jones industrial average closed 2.80 up at 1,305.78. Section III

TOKYO shares hit another peak on selective buying. The Nikkei Dow market average gained 23.10 to 12,790.27. Section III

LONDON gilts drew strong support on the strength of sterling. Equities gained ground. The FT Ordinary index added 5.5 to 1,004.6. Section III

GOLD fell $2.25 an ounce on the London bullion market to close at $314.25. Gold rose in Zurich to $314.75 from $312.75. In New York, the Comex June settlement was $313.20. Page 36

U.S. MONEY SUPPLY: M1 rose $4.5bn to a seasonally adjusted $582.3bn in the week ended May 20 from an unrevised $577.8bn in the preceding week.

JAPAN: Four of the 13 big commercial banks, called city banks, registered drops in pre-tax profits for the year to March, despite increased revenues. Profit growth of the nine remaining banks varied widely. Page 18.

INDIA'S reserve bank has abandoned an experiment aimed at introducing flexibility into short-term interest rates paid by Indian banks, after less than a month's operation. Page 18

NEW ZEALAND's Commerce Commission has questioned the interlocking shareholdings and common directorships of three top companies – the Goodman Group, Wattie Industries and NZ Forest Products. Page 18

ISRAEL'S inflation-ridden economy shows no sign of recovery and faces an even gloomier future unless the Government cuts spending and reforms tax collection, according to the Central Bank of Israel.

SIRTI, Italy's state-controlled telecommunications installation and maintenance company, will offer 40 per cent of its shares on the Milan bourse for around L200bn ($101m) in the largest partial privatisation of an Italian state company on the stock market. Page 17

SME privatisation plans took a new turn when the foods subsidiary's Italian state industrial holding company IRI received another bid higher than that already agreed with Buitoni, the private-sector food manufacturer. Page 17

OECD calls for substantial cut in U.S. deficit

BY PHILIP STEPHENS IN PARIS

EUROPEAN governments should respond to any significant cut in the U.S. budget deficit with some cautious reflationary measures to maintain the momentum of growth in their own economies, the Organisation for Economic Co-operation and Development says today.

In its half-yearly review of the *outlook for Western industrialised* nations, the OECD suggests that such measures should include both immediate action to reduce interest rates if the dollar falls, and more direct measures – such as tax cuts – to boost demand.

The review forecasts that the economic recovery in the 24 OECD nations will continue throughout 1986, but at a slower pace than this year. Further growth in Europe is unlikely to prevent unemployment from rising to more than 19m people.

It says that a substantial cut in the U.S. budget deficit is essential to prevent the current imbalances in the world economy from reaching "unmanageable proportions".

But, in the carefully hedged and elliptical language characteristic of *its reports,* the OECD adds that "large international imbalances are seldom a matter requiring correction by one country alone".

Introducing the report at a press conference in Paris yesterday, Mr David Henderson, head of the Economics and Statistics Department, made clear that the OECD was ont calling for an extensive series of reflationary measures.

He expressed doubts, however, as to whether the deflationary impact on the rest of the world of a significant reduction in the U.S. budget deficit could be fully offset by the scope for lower interest rates that would be provided by a fall in the dollar's value.

The OECD estimates that the stimulus to demand provided by the rapid growth in U.S. imports, which has accompanied the deficit, raised European output by ½ per cent on average in each of the last two years. For 1985 the figure is likely to be ¾ per cent.

"Although policy action by the U.S. would seem necessary in the interests of the medium-term sustainability of activity, other countries need to take account of the fact that they cannot count on an indefinite contribution from the growth of net exports," it says.

The report, which refers explicitly to the potential benefits of tax cuts, appears to reflect some anxiety within the OECD that West Germany in particular may not react quickly enough to slower U.S. growth.

In countries where inflation and budget deficits are under control "attention could usefully be paid to measures, such as appropriately-designed tax cuts, which simultaneously were able both to improve supply poteotial ond to provide some support to demand."

Mr Henderson emphasised, however, that any such action would have to be within the framework of existing policies designed to prevent any resurgence of inflation.

What the Organisation was seeking to do, he said, was to underline the need for "domestic and international coherence in economic policies" and the need for "supply-side policies and macroeconomic policies to complement one another."

The report also makes clear that European governments need to maintain their efforts to improve the supply side of their economies through increased flexibility in labour markets, less protectionism and freer competition.

Japan could help to secure sustained world economic recovery by an intensification of its efforts to

Continued on Page 16

Details, Page 6

Buyer sought for failed Lear Fan jet project

BY ANDREW FISHER IN LONDON AND PAUL TAYLOR IN NEW YORK

A RESCUER for the collapsed Lear Fan business aircraft project in Northern Ireland will be sought from aerospace and high-technology companies in North America, Western Europe, and Japan, Mr Michael Jordan, the newly appointed receiver of the company, said yesterday.

"We will search around," said Mr Jordan, a senior partner in Cork Gully, the London-based accountancy firm specialising in insolvency within the Coopers and Lybrand group. "It's got to be somebody who understands aerospace and high technology."

But the main immediate task was to sort out who had rights to the technology for the complex carbon fibre aircraft. The Lear Fan project collapsed after receiving £57m ($72m) of public money.

It was too early to say how much British money could be recovered, if any, said Mr Jordan. But, he added: "A lot more money is still needed to go into the project." Just how much would emerge in the next few weeks, but it would probably run into tens of millions of pounds.

He said he hoped litigation would not be necessary in the U.S. to protect British rights in the technology. "There are about 26 documents relating to technology, so sorting out the rights will be quite a sizeable task."

In Reno yesterday, Mrs Moya Lear, who remains a director of Lear Fan, said she believed rights to the technology involved in her husband's aircraft belonged to the partnership assembled by Oppenheimer and Co, the Wall Street investment bank, to fund the project in its early development.

Mrs Lear, who said she was deeply upset by the apparent collapse of the project, added that she believed the UK Government only had rights to the aircraft's manufacture. However, she added that the position was extremely complex.

Mrs Lear, who remains a minority shareholder in the company and has maintained close personal ties with those involved in the project, also expressed the hope that new funding could be found, however, she added that she expected Lear Fan to file for bancruptcy by the end of this week.

Lear Fan has a factory near Belfast, now mothballed, as well as a plant in Reno, Nevada, where the aircraft has been tested. The collapse resulted from the poor state of the executive aircraft market and technical problems.

Mr Jordan said he had not yet been in touch with companies that would be capable of taking on the Lear Fan. Nor had he spoken with the Saudi Arabian investors in the Zoysia consortium, which had already stopped putting more money into the project.

"It is impossible to say how much of the Government's investment will be recovered," he commented. "We shall leave no stone unturned to seek out a purchaser." He did not mention any names, but companies capable of rescuing Lear Fan could include some in the U.S. like Beech Aircraft and Northrop, as well as

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Nabisco Brands shares soar as market expects bid by Reynolds

BY PAUL TAYLOR IN NEW YORK

SHARES IN Nabisco Brands, the U.S. food group, jumped $8⅝ to $80 in early trading yesterday amid mounting Wall Street speculation that R. J. Reynolds, the second largest U.S. tobacco group, was poised to make a multi-billion-dollar bid for the group.

Nabisco, whose shares rose $3⅛ to $71⅜ on Wednesday before trading was halted, confirmed later that it had held "exploratory talks" with Reynolds.

That confirmation spurred rumours that Reynolds would make a bid of about $91 a share, valuing Nabisco at $5.3bn.

Reynolds' share price was down $1¼ et $74 in early trading yesterday. The company had no comment on the rumours.

Any merger agreement between the two companies would create a new food and tobacco giant with annual sales of more than $19bn. It would also mark the latest in a series of multi-billion dollar merger deals within the U.S. food and consumer products sector including the Nestlé/Carnation and Beatrice/Esmark deals.

Nabisco is the leading U.S. biscuit and cracker maker with brand names including Oreo Cookies and Ritz Crackers. Its other leading brand names include Planters Nuts, Lifesavers sweets, Blue Bonnet margarine and Shredded Wheat. Last year, Nabisco reported net profits of $310.9m on sales of $6.25bn.

Reynolds, which boasts an estimated 32 per cent share of the U.S. domestic cigarette market, manufactures a range of tobacco products including the Winston, Salem and Camel cigarette brands. The North Carolina group also owns the Heubelin wine and spirits distributor and Kentucky Fried Chicken chain. Its food products include the Del Monte canned, dried, frozen and fresh fruit line and Canada Dry mixers.

During the past two years, Reynolds has built a substantial cash hoard, totalling $1.3bn at the end of 1984, partly through the disposal of its Aminoil oil and Sea-Land units, spurring speculation that the group was preparing for a large acquisiton.

Last year, the company reported net earnings of $843m on sales of $13bn.

Stock markets, Section III

Baldrige to meet de Clercq for steel quota talks

By Quentin Peel in Brussels

HOPES for an end to the long-running steel trade dispute between the European Community and the U.S. rose yesterday with the announcement that Mr Willy de Clercq, the European Trade Commissioner, will fly to Washington today for hastily arranged talks with Mr Malcolm Baldrige, the U.S. Secretary for Commerce.

The meeting, proposed by Mr Baldrige, will centre on the EEC demand to be allowed a higher U.S. quota for steel pipes to supply the All American Pipeline from Texas to California. It follows weeks of discussions between officials which have foundered on Washington's refusal to concede that U.S. steel producers cannot meet the order themselves. A senior official in Brussels said that this was "the first positive sign" that the U.S. might be softening its position.

The argument over the oil pipeline steel concerns a "short supply" clause in last December's agreement to limit EEC sales of pipes and tubes to 7.6 per cent of the U.S. market.

EEC producers say the clause should be invoked to allow them to sell at least 110,000 tonnes of the 320,000 tonnes for which French and West German companies have contracts. None of the 320,000 tonnes falls within the 7.6 per cent quota. The producers fear that if the imports are blocked, the orders will go to Canadian companies.

The U.S. has proposed that if it were to allow in the 110,000 tonnes for the pipeline contracts, that amount should be deducted from the EEC quota at a later date.

The European Commission and the EEC Council of Ministers have stepped up the political pressure for a solution recently, with a public statement of anger from the member states, and a personal letter last week from M Jacques Delors, the Commission President, to Mr George Shultz, the U.S. Secretary of State.

The Commission has refused to go along with a U.S. plan to put all the outstanding steel questions into a combined package. That would offset the EEC demand for extra steel pipe sales, with the U.S. demand for an early renegotiation of the 1982 carbon steel agreement, which expires at the end of the year, and the U.S. desire to include in those talks an extra 17 products such as semi-finished steel.

Halliburton hit by $750m N-plant payout

BY TERRY DODSWORTH IN NEW YORK

THE U.S. nuclear energy construction industry suffered a further blow to morale yesterday when the owners of a trouble-plagued Texan power station project won a $750m out-of-court settlement for cost and construction over-runs.

The agreement is believed to be the highest out-of-court deal in U.S. corporate history and follows litigation stretching back to 1981. It is also likely to force Halliburton, the parent of the main contractor and one of the giants of the U.S. oil services and construction industry, into the red this year as it takes an after-tax charge of $330m.

Under the settlement, the Brown & Root subsidiary of Halliburton will pay the $750m to the four owners of the South Texas Project plant over seven years. The funds will be largely used to reduce electricity costs to consumers.

The litigation involved a claim by the four project partners – two electricity utilities and the towns of San Antonio and Austin – that Brown & Root was in breach of its engineering and construction contract. They said the company had allowed the building programme on the two 1,250 Mw units at Bay City near Houstoo to slip continuously over the cost and time agreed.

When Brown & Root's contract was finally terminated in 1981, Bechtel, the new contractor, drew up an agreement to finish the project in 1987 at a total cost of $5.5bn – some five years and $4bn over the original estimates.

Defending the out-of-court settlement yesterday, Mr Thomas Cruikshank, President of Halliburton, laid the blame for the programme delays squarely on the 1979 accident at the Three Mile Island nuclear plant, which had resulted in much more stringent construction standards in the U.S. industry.

This incident, he said, had led to the "onset of problems which have caused multiplication of the costs of, and dramatic extension of the construction periods for, every nuclear plant of the South Texas Project generation."

The company had decided to settle, he added, because of the "immensely complex issues, protracted litigation and mammoth expenditures necessary" to continue. Litigation costs of all the partners already stood at more than $100m he said.

No other U.S. utility has successfully sued a contractor for anything like the amount involved in the south Texas project, but the escalation of costs in the nuclear industry

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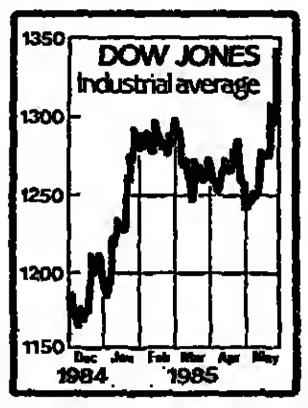
U.S. 'on course for growth'

By Stewart Fleming in Washington

MR MALCOLM BALDRIGE, the U.S. Commerce Secretary, predicted continued growth in the economy this year despite a new report showing that the Government's index of leading economic indicators fell 0.2 per cent last month.

The index, which is designed to try to predict the economic outlook over coming months, has been essentially flat for more than a year as the economy has slowed. In March, the Commerce Department reported that the index had declined 0.2 per cent but yesterday that fall was revised upwards to show a 0.1 per cent increase.

Mr Baldrige said that the economy has been in a "temporary lull with much of the sluggishness reflecting a poor performance in the goods-producing industries." But he



said recent declines in interest rates, strong housing starts and a rise in orders for consumer goods pointed towards a better economic performance.

The decline in the leading index, which is often subject to slight revision when new data are available, follows a report earlier this week that productivity in the non-farm sector of the economy slumped in the first quarter in response to sluggish output but continued increases in employment and working hours.

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Plea to Fabius on arms plant

By Our Paris Staff

THE FRENCH Communist union CGT has appealed to M Laurent Fabius, France's Prime Minister, not to allow French riot police to end a six-week occupation of the bankrupt small arms manufacturer Manufrance at Saint Etienne in central France.

The appeal follows a decision by the Saint Etienne court on Wednesday that the 60 workers occupying the premises be expelled.

The occupation started in the middle of April when the CGT-mounted worker co-operative, SCOPD Manufrance, was placed in liquidation. This followed a decision by the French Government not to put any more mooey into the co-operative which had been set up in the early days of the Socialist-Communist coalition in 1981.

In a letter made public yesterday, M Henri Krasucki, the CGT general secretary, asked M Fabius to do everything in his power to prevent any intervention by riot police against Manufrance workers. "The problems will not be solved by violence against employees, but by negotiation," he wrote.

The eppeal came only two days after French riot police ended the CGT occupation of a ball-bearing works at Ivry, near Paris, belonging to the Swedish SKF group.

Nato allies in Salt appeal

BRUSSELS – Several Nato allies have discreetly urged the U.S. not to abandon the 1979 Strategic Arms Limitation Treaty (Salt-2) with the Soviet Union, Nato sources said yesterday.

President Ronald Reagan is obliged by law to report to Congress by tomorrow on his Administration's plans for compliance with nuclear weapons limits imposed by Salt-2, which expires at the end of this year but was never ratified by the U.S.

A White House spokesman said he might lay out options without indicating a final decision.

The sources said several Nato governments and Lord Carrington, Nato's secretary-general, had privately let Washington know that a decision to cease respecting the treaty restrictions would be seen in allied countries as a serious blow to arms control.

"The Americans have been left in absolutely no doubt that the allies want them to go on respecting Salt-2 and would be alarmed if they did not," a West European Nato diplomat said.

Mr Reagan, who has accused Moscow of violating the treaty, must decide by next autumn at the latest whether to hold to Salt-2. Reuter

Moscow sees no hope of breakthrough but feels its position is strong, writes **Patrick Cockburn**

A confident Soviet team returns to Geneva

THE SOVIET UNION returned to the secood round of disarmoment negotiations in Geneva yesterday io a confident mood but with little expectation of a breakthrough.

Earlier this week, Mr Mikhoil Gorbachev, the Soviet leader, told Mr Willie Brandt, the former West German Chancellor, that the first round of negotiations in Geneva were "completely fruitless." Few lu Moscow expect the second round to be more productive.

Mr Gorbachev says that as long as President Rooald Reagan's "star wars" strategic Defence Initiative is non-negotioble, the Sovieta will make no concessions on medium- or long-range nuclear missiles. He says that the U.S. agreed in January that progress on these three issues sbould be simultaneous. The result is an impasse.

Soviet confidence, as they return to negotiations, stems from the belief that tbeir diplomatic position has strengthened over the last montbs. There are three reasons for this: President Reagan's decision to make SDI tbe symbol of U.S. Defence policy; the replacement of President Cbernenko by Mr Gorbechev; and the lack of real conflict on tbe ground between the super powers anywhere in the world.

President Reagan's announcement of the SDI programme in 1983 presented the Soviet Union with a diplomatic opportunity as well as a military threat, though there is no doubt that Moscow is "inte[illegible]ely suspicious" of the SDI, says Mr Bettino Craxi, the visiting Italian Prime Minister, who talked to Mr Gorbachev this week.

The Soviets see it as on American attempt to change the strategic balance of power against them and to create en anti-ballistic missile shield which Soviet nuclear missiles could not penetrate.

However, the danger presented to the Soviet Union by the "atar wars" programme is long-term ond hypothetical, while the political golns are concrete and immediate. None of the procession of West European leaders wbo bave come to Moscow over tbe last six months has said that "atar wars" is a good idea, even if they say to the Soviets that they are dubious about the feasibility of an effective defence agoinst nuclear weapons

This puts the Kremlin in a stronger position than it was in from 1979 to 1983 when the Soviets campaigned against the installation of Cruise and Pershing 11 missiles In Europe. Unlike SDI, tbe West European governments had asked for Cruise and Pershings. The election of Mrs Margaret Thatcher In Britain and tbe Christian Democrats in West Germany in 1993 showed the limited political strength of the peace movements to whom Moscow hed appealed.

In recognition of this, and the opportunity provided by President Reagan's commitment to SDI, the thrust of Soviet foreign policy is now directed as much towards West European governments as public opinion.

Tbe Kremlin is also in o much better position to conduct such a policy since Mr Gorbachev took over from President Chernenko in March. This is in contrast to the first two months of this year, when statements issued by an unseen President Chernenko were treated as medical bulletins rather than expressions of policy.

The third source of the Soviet Union's present confidence, say diplomats in Moscow, is that they feel under little pressure anywhere in the world. Poland is quiet for the moment and Afgbanistan containable. In his first month in power, Mr Gorbachev has given priority to strengthen the eastern bloc.

Elsewhere in the world, in the traditional areas of high tension in the Middle East and South-east Asia, there is little real conflict between the super powers or tbeir allies. Moscow and Washington both back Iraq in the Gulf war. The Soviet Press frequently announces thet the U.S. is on tbe verge of invading Nicaragua but It is donbtful if the Kremlin believes this.

The lack of real tension with America on the ground is important. It is the relationship with Washington which ultimotely determines Soviet foreign and defence policy. A problem for Soviet foreign policy is to appear conciliatory to impress the West Europeans, but without giving the U.S. the impression that the Soviet Union can be pushed around. It is the latter concern which normally predominates in the end.

Lack of conflict with the U.S. on tbe ground is also very significant for the new leodership because their plans for wholesale economic reform could be derailed if they had to lannch a major Soviet rearmament programme. Capital investment is not available to do both at the same time.

The improvement in relations between the Soviet Union ond Western Europe, and the lack of real conflict on tbe ground with the U.S., shonld allow the new leadership to give priority to economic reform. They may also calculete that President Reagan ia growing weaker rather than stronger after recent votes cutting defence expenditure in Congress. The Soviet Union can therefore return to the talks in Geneva without producing a radical Soviet initiotive to break the deadlock and little expectation of one from the other side.

The Soviet Union said yesterday its main concern as U.S.-Soviet arms control talks would be to halt President Reagan's Strategic Defence Initiative (SDI) for a missile defence in space, Reuter reports in Geneva.

Chief Soviet negotiator Viktor Karpov said before tbe start of the second round of talks on nnclear arsenals and space weapons that Moscow was prepared "to negotiate ways to prevent a nuclear war on earth and preventing it in space."

He said Mr Andrei Gromyko and Mr George Sbultz last January set a common goal of averting an orms race in space, "so wc feel that both our countries should now practically agree bow to do so."

The opening rond of talks began on Marcb 12 after Mr Shultz and Mr Gromyko agreed in early January to end a 15-month breakdown in superpower arms negotiations, but tbey oppeared deadlocked over the Star Wars issue wben they recessed six wcks later.

The second round, which is expected to last about eigbt weeks, began at the Soviet mission after Mr Karpov grected the U.S. delcgation. U.S. chief negotiator Max Kampleman said only that his 20-man team boped to make faster progress this time.

Gorbachev: 'No concessions'

Irish tax move hits film-making

By Brendan Keenan in Dublin

IRISH film-making will be devastoted by the recent closing of o tax loopbole, according to people in the industry. The national television service RTE says co-productions with British television, such as the drama series "The Price," could not be made in future.

RTE executives also claim that their own ability to raise finance for productions like the award-winning "Ballroom of Romance" is threatened by the tax change. Irish Actors Equity and representatives of technical workers in the industry have also called for films to be exempted from the changes.

Mr Alan Dukes, the Finance Minister, announced last week that he planned to change the tax laws governing limited partnerships, with retrospective effect. The changes may not come until next year's Finance Bill but because of the retrospection warning, their effect on investors was immediate.

Mr Dukes is concerned that limited partnerships have become a vehicle for large tax avoidance.

Limited partners are given allowances on their personal tax liabilities against their ivestments and Mr Dukes believes pertnerships ere being establisbed purely for tax evoidence purposes.

The film industry argues that such partnerships are now the main source of funding for Irish prodnctions. Mr John Baragwanath, bead of programme sales end co-operations in RTE, says thet the station, or an individual producer, would usually put up between a quarter and a third of the cost of a film with a similar amount coming from a partner—either another TV station or an individual investor. The capital allowances (effectively an Exchequer subsidy) wonld make up the difference.

Tbe film business was not Mr Dukes's main target but he has given no indication so far that he is willing to make an exception for it. The Government argues that the tax base in Ireland is unduly narrow, contributing to the high rates, and that o hard look must be taken at the whole range of allowances and incentives.

Changes in EEC pacts proposed

By John Wyles

THE BRITISH Government was told yesterday that its most prized objectives for the European Community are much more likely to be achieved by changing the EEC treaties than by pragmatic political agreements.

In a speech to the Royal Institute of International Affairs, Sig Carlo Ripa de Meana, the European Commissioner, deployed some of his Italian ardour for fundamental EEC reform in a persuasive attack on British reluctance to change the treaties.

In particular, he argued that the British objective of creating a genuine internal market by 1992 free of all non-tariff barriers will not be achieved under the present treaties.

Clearly hoping to influence the Britisb position in advance of next month's EEC summit in Milan which will be dominated by the question of institutional reform, Sig de Meana appeared to support making one concession to British thinking in return for changes in the treaties.

He acknowledged that a move from unanimity to comprehensive majority voting in EEC decision-making would sharpen demands for protection of vital national interests—currently enshrined in tbe right of veto provided by the Luxembourg compromise.

Sig de Meana allowed "hypothetically" that the right of national veto could ferm part of o package agreement on majority voting. "Bnt its use would heve to be circumscribed in a more manageable form than hitherto" to avoid the abuses which have so seriously blocked Community decision-making until now, he said.

French prices up 0.7%

French retail prices rose by 0.7 per cent in April after a 0.7 per ccnt rise in March and a 0.6 per cent rise in April 1984, the Notional Statistics Institute said yesterday, Reuter reports from Paris.

Romania bombings blamed on Moslem Brotherhood

BY LESLIE COLITT IN BERLIN

PRO-GOVERNMENT Syrian students and a Syrian diplomat in Romania have been the targets of recent car bombs whicb appear to have been plaoted by the Moslem Brotherhood, according to Western diplomats in Bucbarest. The Moslem Brotherhood is a Sunni fundementalist group opposed to the government of the President Hafez al-Assad.

The diplomats said the most serious incident took place last Sunday when a Romanian bomb diaposal expert and a policeman were killed when a bomb exploded in the car of a Syrian student. The explosion took place after a bomb planted in the car of another Syrian student was defused.

Early this week e block of flats housing diplomats in central Bucharest was evacuated after a Syrian diplomat received a car bomb threat. The Yugoslav news ogency said the Romanian outhorities placed concrete slahs ond sandbags around the car and were able to contain e bomb blast withont injuries. The following day police and special army units closed off streets in the city centre after apparently receiving another bomb threat but no explosion was heard.

As of yesterday evening the Romanian news agency had not reported any of the incidents.

There are some 10,000 Arab students in Romania. The largest number, nearly 3,000, are from Syria, and the second largest group, consisting largely of Palestinians, from Jordan. Last year a Jordanian student in Bucharest killed a Jordanian diplomot there and a Pelestinian group called Black September claimed responsibility.

Romania cultivates relations with all Arab countries and the outbreak of violence in Bucharest between rival factiona is seen as a potentially serious blow to this policy.

Syria's Lebanon role, Page 4

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In the aftermath of Wednesday night's European Cup disaster, the search begins for answers as to how and why it happened

Doubts raised about the adequacy of ground and organisers

BY WALTER ELLIS AND DAVID GOODHART

INTERNATIONAL SOCCER matches involving English or Scottish clubs have gone ahead for nearly 15 years on a presumption of violence that is nearly always justified. Whatever the social cause of what is seen in Europe as "the British disease," no one has had cause to doubt the effect.

Sometimes the injury or damage caused is slight; more often, people are seriously hurt and there is destruction in and around the ground. What marks out this week's disaster in the Heysel stadium in Brussels, in which at least 38 people died after fighting between supporters of Liverpool and Juventus of Turin, is not merely the scale of the catastrophe but the seeming inadequacy of the ground and its organisers, including the Belgian police.

The Belgian Government is in no doubt about who started the violence. It condemned Liverpool yesterday and immediately placed a ban on all British clubs playing in Belgium, including national sides, until the UK "puts its house in order."

Few would doubt that a section of the Liverpool fans—not all necessarily from Merseyside itself—were responsible for the surge into "enemy territory" that led to the collapse of a wall and the subsequent deaths and injuries. The question is, how was this allowed to happen? And what were a group of Juventus fans doing at the Liverpool end? And, assuming that an assault had taken place, why were the authorities able to do so little to stop it?

Mr Neil MacFarlane, the UK Sports Minister, said shortly after Wednesday's match that "it appears that segregation (of supporters) was not adequate."

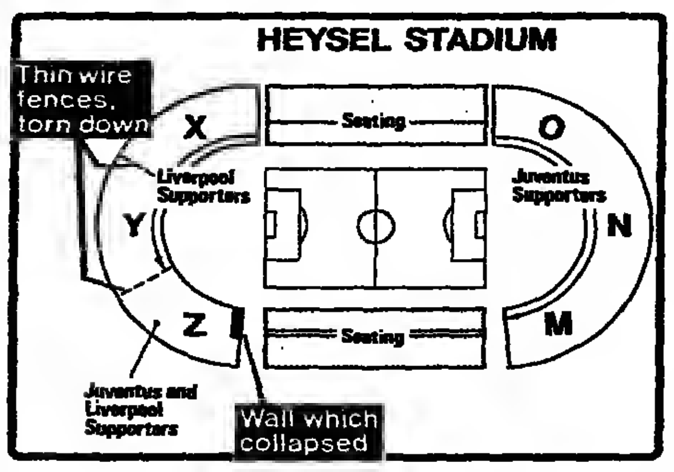
Belgium condemned Liverpool and banned all British clubs, including national sides, from playing in the country until the UK "puts its house in order."

He had written to the Belgian Government three weeks ago to make sure that all precautions were taken at the Heysel.

"When I heard rumours of lax implementation on Thursday, I telexed UEFA (the Union of European Football Associations) urging them to ensure that all rules and recommendations were adhered to. I have had no reply."

The rules Mr MacFarlane referred to were first drawn up at a meeting of European sports ministers in Rotterdam three years ago and have since been echoed by the Council of Europe and UEFA itself. They concern mainly the precise areas of control which it has been suggested were not applied in Brussels: the segregation of rival supporters, the sale of tickets and the availability of alcohol.

According to the European code—which Mr MacFarlane helped draft—fans at international matches should be kept strictly apart. Fencing be strong and there shoud be kept strictly apart. Fencing should be atrong and there should be a neutral area between rival groupings. Ticket sales should be largely confined to the clubs concerned, and there should be no sales on the day of the match. Alcohol, it is recommended, should not be available at or around the ground.



Mr Charles-Ferdinand Nothomb, the Belgian Interior Minister, refused to accept yesterday that safety measures at the Heysel were inadequate. Television pictures showed, however, that the barrier between the Liverpool and Juventus fans was flimsy and easily torn down.

Mr Nothomb also commented on the disposition of the police at the match. Adequate preparation had been made, he said.

Earlier this month, police from Brussels attended the UEFA Cup Final in Rotterdam between Everton and Rapid Vienna, at which security tactics were widely praised. They visited Liverpool itself to take advice from Merseyside police.

"On the basis of all the available information and experience we decided to deploy larger forces than for a normal match," said Mr Nothomb. A total of 800 state gendarmes and 600 local police were to be used in the operation, compared with just 520 gendarmes and 60 police at a previous match between Tottenham Hotspur and Anderlecht.

Unfortunately for the authorities' planning, everything assumed that any trouble would be confined to the period of the match itself and its aftermath. No thought was given to a riot before play started.

When the fighting started there were just 120 police inside the ground, which was then full, with 57,000 fans.

The "ticket" question, which appears to have led to the deadly juxtaposition of Liverpool and Juventus supporters, is also contentious.

Under UEFA rules, it is the local football association which is responsible for the sale of tickets and the organisation of fans within the stadium. A total of 57,000 tickets was sold. As laid down in the rules, 25 per cent of the allocation was sold through each club, about 5,000 through UEFA and the game's sponsors, and the rest—23,000—was sold in Belgium.

This is one root of the disaster. Many of the Belgian tickets were bought by Italians (there is a large Italian community in Brussels), and others, fewer in number, by Liverpool fans with friends in Belgium.

"Belgian" tickets were also reasonably easily available in Brussels on the day, at three to four times the face value. Some fans were even admitted to the ground without having to show a ticket at all.

Once inin the ground, the crowd, it seems, was then ill-divided. On paper, the main bulk of Juventus fans were allocated sections M and N on the eastern Brussels End open-air terracing, with sealed Italians concentrated in the southern stand.

Liverpool fans were given sections X and Y of the western "Wemmel end" terracing, with their seated section in the northern stand. Section O and the ill-fated section Z were for "Belgian" ticketholders.

In reality, because several hundred Juventus fans dominated sectiona O and Z, it appeared to many of the 10,000 Liverpool fans in X and Y that they were being discriminated against. Driven by drunkenness—although alcohol was not on sale at the ground—and by hostility to the baton-wielding police, a minority of Liverpool fans broke out of their "compound" with ease and charged in to the Italians in section Z, some of whom, during the long, hot evening, had been taunting them and exchanging missiles.

When about two dozen gendarmes moved into section Z, a group of fans charged. The Mayor of Brussels, Mr Herve Brouhon, later admitted that only six policemen were there to stop the charge.

Pandemonium ensued. The weight of fleeing Italians caused a brick wall to collapse. Some fans were buried in the rubble, many more were trampled by retreating feet, and crushed.

Questinns have also been asked why the Belgian police did not immediately recognise that a tragedy had occurred. Riot police were sent in when it is clear that stretcher-bearers and medical teams were needed.

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The dead and injured on the stadium steps in Brussels.

Fury in Italy at 'barbarian horde'

BY JAMES BUXTON IN ROME

"A HORDE of drunken barbarians." "Savage murderers and thugs." "Just like A clockwork Orange." Those were some of the public comments made about Liverpool fans yesterday by Italian politicians and sports officials.

The tragedy of Wednesday night, the aftermath of which was watched on television by most of Italy'a adult population, produced a mixture of shock, grief and anger.

The grief was not concentrated in Turin, the home of Juventus, alone. Almost all the victims in the initial list of namea to be released came from other parts of Italy. They included a young postman from Francavilla in the Abruzzi mountains east of Rome, and the female chairman of the Municipal Sports Committee from a town near Catania in Sicily.

The Government was due last night to respond to questions from MPs over what it intended to do for the families of the victims and what steps in would take to see Liverpool banished from European football.

The Italian newspapers yesterday all highlighted the past bad behaviour of British football fans both at home and abroad. Italians were particularly shoocked by the drunkenness of Liverpool supporters on Wednesday night, for whatever the vices of Italian football fans (and a junior Minister pointed out yesterday that violence was also well-known on the terraces of Italian football stadiums), drunkenness is almost unknown in Italy.

Heavy police guards were placed on the British Embassy in Rome and on British Consulates throughout the peninsula.

Nevertheless, the majority of Italian commentators, fans returning from Brussels, and Government officials speaking in private laid most of the blame for the tragedy on the Belgian authorities. They were criticised for not preventing the sale of alcohol to fans throughout the day, for the structural inadequacies of the old stadium, for failing to separate the two bands of supporters, for grossly inefficient police action to keep the peace and for reacting wrongly, slowly, and inefficiently to the disaster when it occurred.

The Turin daily, La Stampa, commented yesterday: "It is quite unacceptable that a democratic society is unable to control crowds, and instead provokes and excites them with its disorganisation and its rashness."

Inflation promise by Greek opposition leader

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Conservative opposition leader, Mr Constantine Mitsotakis, pledged before a rally of hundreds of thousands of supporters in central Athens yesterday that if his New Democracy Party won Sunday'a general elections it would try to heal political divisions between the left and right which have developed during the past 3½ years of Socialist rule, and to implement a "liberal" economic programme, with the aim of restoring investments and curbing prices and inflation.

Mr Mitsotakis, who was hailed by the crowd with cries of "You are the Prime Minister," said a New Democracy Government would consider Greece "an ally of the West; a fried of the Third World; and above all a part of Europe."

He pledged to restore a dialogue frozen by the Socialists with Nato neighbour Turkey, to try and solve differences in the Aegean which have plagued relations since the Turkish invasion of Cyprus in 1974.

AMERICAN NEWS

Tax reform plan 'will lower costs for businesses'

BY STEWART FLEMING IN WASHINGTON

TREASURY Secretary Mr James Baker told Congress yesterday that the Reagan Administration's ambitious tax reform plan would lower businesses' financing costs and have a favourable impact on economic growth.

Mr Baker's testimony before the House ways and means committee which has the right to prepare tax legislation in Congress, came amid signs of gathering political support for key elements in the tax reform package.

But there are growing concerns, being voiced among others by Mr Dan Rostenkowski, the chairman of the Democrat-controlled ways and means committee, that tax reform could end up losing the Treasury revenue and that this could worsen the problem of the federal budget deficit.

"The nightmare is that we finish this thing and then find out we are losing $40bn (£32bn) or $50bn in revenue and then have to try and go back in and recapture things that have been given away already," one staff official in Congress said.

Evidence is mounting that the combination of President Reagan's televised address and the bi-partisan support offered by Mr Rostenkowski for the broad principles of the tax reform plan have begun to erode Congressional opposition.

Prominent Democrats such as New York's Governor Mario Cuomo, Missouri's Representative Richard Gephardt and the Republican Representative Jack Kemp, who greeted the President's plan coolly on Tuesday night have since been backtracking. "The President should be commended for a far-reaching and significant proposal," said Mr Gephardt subsequently.

For President Reagan and his advisers who are hoping that by embracing tax reform the President will have a positive issue to campaign about—and so distract attention from recent political setbacks—this response is encouraging, although the President himself still conceded that he faces a challeneg selling the proposal.

Thes emergence of Mr Rostenkowski as the first leading Democrat in Congress to put on a nationwide televised appearance which did not pale in comparison with Mr Reagen's polished performance will have raised his party's spirits. For it improves the prospects that the Democrats will be able to put their stamp on reform and lay claim to some of the credit.

But political analysts here who sense a bandwagon beginning to roll for tax reform also agree that substantial changes are to be expected as Congress writes the actual tax legislation and that the process is unlikely to be completed this year. "It's not going to be sweeping reform," said Dr Norman Ornstein, a political analyst at the American Enterprise Institute in Washington.

In spite of the significant concessions made by Mr Baker ahead of the publication of the final version of the Bill, lobbyists for a myriad of interest groups, are preparing to try to pressure Congress into giving back some of the tax breaks the Administration blueprint plans to take away. Mr Baker has indicated that there is scope for compromise on issues although the White House seems wedded to the attack on state and local government finances.

Rescue bid for satellite

ASTRONAUTS on a U.S. space shuttle are to attempt to revive an ailing satellite that has been drifting lifeless in orbit for the past six weeks, *Peter Marsh writes.*

In the repaid bid, due for August, the astronauts will try to fix a mechanical fault that stopped a U.S. Navy Leasat satellite from operating correctly when an earlier shuttle mission injected it into space in April.

Hughes, the satellite builder, is to pay for the rescue attempt, which will be made during a routine flight of the space shuttle Discovery. A successful repair would save the satellite insurance up to $80m (£64m), the sum that it would otherwise have to pay in compensation to the U.S. Navy.

Gulf of Mexico deal for Saipem

By Alan Friedman in Milan

SAIPEM, the Italian state oil and gas pipe-laying group, which last year floated 20 per cent of its shares on the Milan bourse, has won a 70bn ($35.5m) contract to drill nine exploratory wells in the Gulf of Mexico.

The contract was awarded by a consortium of oil companies headed by Agip, the Italian state company which, like Saipem, is part of Italy's ENI state energy group. Agip is the operator on the Gulf of Mexico operation, with a 40 per cent stake in the venture.

Saipem, which plans listings on the London stock market and the Frankfurt, Brussels and Zurich bourses in the next year, reported a consolidated net profit last year of L62bn an increase of 17.2 per cent. This was struck on consolidated revenues of L1,339bn, 80 per cent of which came from outside Italy.

According to newly-produced accounts, prepared in conformity with U.S. accounting principles, Saipem's 1984 consolidated net income was L83.5bn or L21.5bn more than under Italian accounting rules. The difference reflects primarily a different treatment of depreciation and amortisation.

Rockwell pact with Matra

MILWAUKEE – Rockwell International's Allen-Bradley unit said it had signed an agreement in principle giving it worldwide marketing rights to artificial machine vision systems manufactured by Robotronics, a subsidiary of Matra of France.

Allen-Bradley said Matra's Robotronics unit would provide medium-sized artificial machine vision technology, which might be used in computer-integrated manufacturing. This product will be Allen-Bradley's initial offering in the artificial machine vision field, it said.

Allen-Bradley said the equipment might be used in part verification, identification, ganging and inspection. It said products might be designed to inspect circuit boards and keyboards and check analog and digital displays. Reuter

Jimmy Burns in Montevideo looks at the first 100 days of Uruguay's leader

Sanguinetti sustains the spirit of democracy

AS URUGUAY'S new democratic President Sr Julio Sanguinetti marks his first 100 days in power this weekend, he can well afford a measure of self satisfaction: the euphoria which greeted the end of 11 years of military rule last March does not appear to have turned into disillusionment.

This small South American country, the size of Wales, has always boasted of its democratic traditions; the holding of elections last November was widely applauded locally as a restored collective right after an interlude of military government.

Sr Sanguinetti has managed to sustain this spirit by opting for consensus politics. But he has held back from creating false expectations that the country's burdensome inheritance can be resolved overnight. On both counts he has gained the reputation of proving to be something of a maverick among the presidents of Latin America's southern cone.

"We've learnt the lesson of Argentina. It is best to move with one's feet firmly on the ground," said Sr Enrique Tarigo, Uruguay's Deputy President.

The lesson has been perhaps no better learnt than on the economic front, Sr Sanguinetti's Government has acted with little of the indecision and ad hoc mannerisms that characterised the first months of Sr Raul Alfonsin's Argentine Administration.

The priority status which the President attached to the country's economic problems was underlined in his choice of 46-year-old Sr Ricardo Zerbino as Finance Minister. An economist with a long running experience in industry and agriculture, Sr Zerbino took on the job with a large degree of international and domestic support: his appointment immediately injected the Government with a strong dose of credibility, and this has largely been maintained during his three months in office.

The Government's economic policy has defined itself as a cautious middle course between the strict monetarism of the former military regime and the kind of populist policies favoured by the country's left wing. "No economic policy has been successfully implemented without regard for its political and social consequences" says Sr Zerbino.

In practice this has involved a series of trade-offs. Businessmen and farmers have been offered a refinancing of domestic debts and export orientated subsidies in return for a measures of control on prices. The unions have been promised a reorientation of government spending away from defence and towards education, health and housing, and increased health taxes in return for the acceptance of a more restrictive wages policy.

The Government has insisted that wage increases cannot be in excess of productivity if it is to maintain this year's inflation in double figures—an achievement in a region where inflation of more than 300 per cent is the norm.

On the external front, where Sr Zerbino has got down quickly to a dialogue with both the International Monetary Fund and commercial bankers, the strategy stems in part from an awareness of Uruguay's own limitations as a small nation. The country is not self sufficient in energy and its $4.7bn (£3.76bn) foreign debt, although among the highest in per capita terms, is not the kind that can be used to rattle Wall Street.

Sanguinetti: a maverick

Nevertheless Sr Zerbino genuinely believes that moderation backed up by firm economic policies stands the better chance of insuring a greater understanding by the IMF and longer repayment schedules. He said Uruguay's leading commercial creditors agreed in December to defer some $120m in principal payments falling due in the first half of this year until June 30. Sr Zerbino, in the meantime, has kept current with interest payments as they have fallen due despite the constraints this had had on the domestic economy.

The Government, however, appears to be aware that its room for manoeuvre domestically could narrow in the coming months unless the IMF shows a measure of flexibility. "We have reached the limit of adjustment with our own resources," said Sr Zerbino.

After seeing average wage levels fall in real terms by 27 per cent over the last four years, and unemployment reach record levels of more than 15 per cent, the unions are finding it difficult to absorb further austerity. A general strike in April was only narrowly averted but there have been stoppages in most sectors of the economy ever since Sr Sanguinetti took over.

The fact that the unions have so far held back from an outright confrontation with the Government springs from an apparent awareness on the part of some union leaders, which is shared by the Parliamentary Opposition, that they would have the most to lose politically if the current dialogue were to break down. The Government has issued veiled warnings that it is quite prepared to hold a referendum on its policies, and seems reasonably confident that it would win based on recent opinion polls.

Ultimately, however, the future of Uruguay's nascent democracy will depend less on good intentions than on international factors. Despite an agressive trade policy aimed at boosting its traditional exports of meat and textiles, the prospects of growth will be limited if there is a fresh downturn in the world economy and protectionism persists.

Nearer to its own borders, any sudden interruption of the democratic process either in Brazil or Argentina would have an immediate domino effect despite Uruguay's democratic traditions. It still has a military operating under the illusion that the nation owes them a favour for handing over power peacefully.

Not only did the Uruguayan armed forces stamp out the Tupamaro guerrillas in the 1970s without resorting to the genocide of their Argentine counterparts, but they never embarked on a militarist adventure such as the Falklands war.

This explains why the Sanguinetti Government has acted with considerably more deference towards the country's armed forces than Sr Alfonsin has done with the Argentine military. Uruguay has not imposed a sweeping purge of the high command and has avoided any detailed questioning in public of the military's record of torture, limited "disappearances," and financial corruption.

President Sanguinetti has also opted for a gradual, rather than immediate, reduction in defence expenditure. Nevertheless, General Hugo Medina, the army chief, still felt the need to mark Army Day two weeks ago with a criticism of the attacks which sectors of the Opposition have made on the "moral integrity" of the armed forces. It was a measure of the difficulties President Sanguinetti could face if the politics of consensus or the region fails to hold.

American Brands admits software piracy

BY PAUL TAYLOR IN NEW YORK

THE U.S. computer software industry, fighting an uphill battle against illegal pirate copies of programmes, yesterday scored an important victory when American Brands, the U.S. tobacco and packaged goods group, admitted some of its employees made unauthorised copies of software and agreed to an undisclosed out of court cash settlement.

The deal settles a highly publicised law suit brought by Micropro International, the West Coast software manufacturer best known for its Wordstar wordprocessing package, and backed by the Association of Data Processing Service Organisations, an industry trade group which has been waging a war on software pirates.

The case, brought in January, marked a new high profile strategy for the software industry based upon bringing embarrassing law suits against big companies.

Software publishers in the U.S. believe that unauthorised copying of their products costs them hundreds of millions of millions of dollars in lost revenues each year and some industry studies suggest that about 50 per cent of all business programmes in use on personal computers are illegal copies. Computer software sales in the U.S. total about $2bn (£1.76bn) a year.

Yesterday's settlement, made by American Brands' Wilson Jones office products unit, was announced in a joint statement by the industry group, which said the unit's top management did not condone the copying but had "agreed to take steps to make sure it does not happen again."

Mr David Eturevant, speaking on behalf of the association, said the group had reached other settlements without filing suit but added that more legal actions are likely.

Brazil shipbuilder wins much-needed contract

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ONE OF Brazil's leading shipbuilding companies, Companhia Comercio e Navegacan (CCN), has finally received a much-needed order worth about $132m (£105.6m) to build tankers for Petrobras, the Brazilian state-owned oil company.

The order had been held up by problems at CCN, following the suicide in February of Sr Paulo Ferraz, its president and main shareholder. Petrobras was insisting on financial guarantees which the debt-ridden shipyard found hard to raise.

CCN's accounts are being investigated by a government commission as part of an inquiry into the use of government loans

The new contracts, comprising firm orders for two ships and an option on a third, would keep the CCN yard in Rio de Janeiro busy until 1988, said Sr Helio Paulo Ferraz, the new president and son of Sr Paulo Ferraz.

The tankers will have a capacity of 55,000 deadweight tonnes. CCN, which employs 3,200 people, recently completed three 50,000 dwt bulk carriers.

OVERSEAS NEWS

Gemayel, Assad hold third round of talks

By Tony Walker in Damascus

PRESIDENT Hafez al-Assad of Syria and President Amin Gemayel of Lebanon held a third round of discussions yesterday on political and security arrangements for Lebanon after the Israeli withdrawal.

The talks were held amid reports that a ceasefire agreement is imminent to end the fighting in Beirut's Palestinian refugee camps.

The four-point plan they discussed envisages a total ceasefire, the handing in of weapons to a neutral force headed by the Druze Progressive Socialist Party, withdrawal of Amal Shi'ite Moslem militiamen at least 500 yards away from the perimeters of the three camps, and for security in the camps to be taken over by police in conjunction with units of the Lebanese regular army.

Presidents Assad and Gemayel are understood to be discussing the possible implementation of far-reaching political and security reforms to bring peace to Lebanon once Israel withdraws, as it is expected to in the next few days.

Syria is demanding agreement on more equal power-sharing between Christian and Moslem factions in Lebanon as the basis for ending more than 10 years of conflict.

Christian domination of the political system has been enshrined in a Convention and instituted at the time Lebanon gained independence from France in 1942 when Christians formed a majority, but that is no longer the case.

Christians now constitute about 40-45 per cent of Lebanon's population compared with the Moslem's 55-60 per cent.

Moslem groups have been demanding a more equal share of power consistent with their numbers and political influence.

Kuwait arrests

Security forces have arrested 20 people suspected of involvement in a car-bomb attack on the Emir of Kuwait, the newspaper al-Qahas said yesterday, Reuter reports. The Emir, Sheikh Jaber al-Ahmed al-Sabah, escaped with scratches, but four people, including the suicide driver, were killed.

The attacker, who rammed his car into the Emir's motorcade, was said to be an Iraqi.

Syria's grand design for Lebanon goes awry

BY TONY WALKER IN DAMASCUS

PRESIDENT HAFEZ ASSAD of Syria has found himself in the uncomfortable position of seeing events in Beirut slipping out of control just when he expected to have a relatively free hand in fashioning a new Lebanon.

The savage battle for the refugee camps in the Lebanese capital has turned into something of an embarrassment for Damascus, whose Shi'ite Moslem allies have so far been unable to overcome Palestinian resistance.

There is a suspicion that Syria at least gave an "amber light" to Amal, Lebanon's main Shi'ite organisation, to go into the Sabra, Chatilla and Bourj Barajneh camps to eliminate Palestinian guerrillas who have been returning to Beirut for the past several months in anticipation of Israel's withdrawal from Lebanon.

What may have seemed like a reasonably straightforward operation for Amal in tandem with the well-armed, mainly Shi'ite Sixth Brigade of the Lebanese Army has proved to be the reverse, with Palestinian fighters beating off their Shi'ite attackers against formidable odds.

President Assad, who has watched his plans for a quiescent Lebanon begin to unravel following Israel's expected pull-out by early next month, summoned Lebanese leaders, including President Amin Gemayel, to Damascus for long-awaited talks.

The "summit," which was to have dealt with substantial questions concerning new power-sharing and security arrangements, will instead have been preoccupied with how to stop the fighting between the Shi'ites and Palestinians on terms favourable to President Assad's grand design for a Syrian-dominated Lebanon. A virile Palestinian presence is not part of this design.

President Assad, who is credited on occasions with the skills of a "master puppeteer" in Lebanon, appears to have miscalculated on several counts. Not only did he underestimate Palestinian resolve in the face of the Shi'ite attacks, he also miscalculated the capacity of opposing Palestinian factions to close ranks under threat from a common enemy.

Syria's claims that Mr Yassir Arafat, chairman of the Palestine Liberation organisation, was resonsible for the conflict have cut little ice with even the PLO leader's staunchest critics among the Damascus-based Palestine National Salvation Front (PNSF).

Damascus's plans for the PNSF to play an enlarged role in representing Syrian interests in Lebanon at the expense of Fatah, the mainstream PLO faction headed by Mr Arafat, may have been permanently fractured by the events of recent weeks.

Mr George Habash, leader of the Popular Front for the Liberation of Palestine (PFLP), one of the PNSF's constituent groups, is said to have been so angered by the carnage in Beirut that he left Damascus in disgust.

Militiamen of Lebanon's Syrian Ba'ath Party pass posters of President Hafez Assad

Leaders of armed Damascus-based Palestinian factions are also making no secret of their displeasure at Syria's role. Mr Jamil Hilal, spokesman for the Marxist-oriented Democratic Front for the Liberation of Palestine (DFLP), said relations with the Syrian authorities were "quite tense."

In private, Palestinian officials are more severe in their criticism of Syrian attempts to manipulate events in Lebanon at Palestinian expense. Some of these officials are even talking about a possible reconciliation with Mr Arafat, but this seems unlikely unless the PLO leader renounces his February 11 accord with King Hussein of Jordan and returns to principles agreed at the 16th Palestine National Council (PNC) session, held in Algiers in February 1983. Rival groups in the PLO at that session approved steps towards a settlement of the Arab-Israeli conflict on the basis of the Fez Arab League summit plan of 1982, which called for a Palestinian state in the Israeli occupied territories.

Syria appears to have judged that Damascus-based Palestinian groups have little choice in the long-run but to accept a Syrian-designed Lebanon excluding a significant role for the Palestinians. There is no indication of squeamishness here about the bloodshed in Beirut.

Syria is coming under increasing pressure to intervene militarily in the conflict in Beirut, but Damascus is making it clear it would be most reluctant to do so unless such an action was part of a wider security plan and had the support of Lebanon's main political factions.

The opportunity may be at hand now that even Christian dissidents, previously bitterly opposed to Syrian intervention, appear to have accepted the inevitability of Damascus overseeing a settlement in Lebanon.

Syria is concerned about criticism in Arab capitals, it is not about to be deflected from what it sees as its mission in Lebanon, and Syrian officials are making it clear Damascus resents any hint of outside interference in Lebanese affairs.

Now that Israel is withdrawing, Syria has no desire to see the picture in Lebanon further complicated.

Implications for the wider peace process of the fighting in Beirut and restlessness of Palestinian groups in Damascus are unclear. Opposition to the February 11 accord between King Hussein and Mr Arafat remains strong among these groups who accuse the PLO chairman of selling out Palestinian principles in his efforts to deal himself into the peace process.

Events in Beirut may have weakened Syria's hand in PLO affairs in the longer term and in a perverse way strengthened Mr Arafat's position, even though continuing bloodshed in the Beirut camps has demonstrated the essential weakness of the divided Palestinian leadership to stop Palestinians falling victim to terror in a wider political game.

Castro may send more troops to Angola

By Michael Holman

Cuba's President Fidel Castro said yesterday that he was prepared to strengthen the estimated 25,000-strong Cuban military force in Angola if South Africa failed to grant independence to Namibia (South West Africa).

The warning coincided with talks in Paris between senior U.S. and Soviet Union officials on tensions in southern Africa.

The Cuban presence in Angola is a major issue in efforts to bring independence to Namibia and end the 17-year guerrilla war waged by the South West Africa People's Organisation (Swapo).

South Africa, with U.S. backing, has refused to implement a UN settlement plan for the territory until the Cuban forces have been withdrawn.

President Castro's warning came during the second day of a visit to Cuba by Sr Javier Perez de Cuellar, UN Secretary-General.

"Not a single Cuban soldier will be withdrawn from Angola until real steps are taken towards the independence of Namibia," the Cuban leader said. "Indeed, if more Cuban soldiers have to be sent, we will send more."

Namibia was expected to be high on the agenda at a meeting in Paris yesterday between Mr Chester Crocker, the UN Assistant Secretary of State, and Mr Vladillen Vasev, a leading Soviet Union specialist on Africa.

The talks are parts of a series of high-level meetings between the two major powers on world trouble-spots.

The U.S. team in Paris may well be on the defensive. The interception last week by Angolan soldiers of a nine-member South African alleged sabotage squad within a few hundred yards of a U.S.-operated oil facility came a month after Pretoria had claimed that all its troops in the country had been withdrawn.

The withdrawal had been welcomed by Washington, whose policy of "constructive engagement" with South Africa rather than economic sanctions and isolation has been coming under increasing criticism.

Peres spurns Hussein plan for talks on Palestinians

BY OUR MIDDLE EAST STAFF

ISRAEL'S Prime Minister, Mr Shimon Peres, yesterday rejected proposals by King Hussein of Jordan for an international conference aimed at securing a solution to the Palestinian issue.

"I think the whole issue of an international conference is an attempt to sidestep the need for direct negotiations," he said.

Mr Peres's comments followed indications in Washington that the U.S. was softening its opposition to an international conference, following talks on Wednesday between President Ronald Reagan and King Hussein.

Mr Reagan agreed with the king that present circumstances provided "perhaps the last chance for a peace settlement" and called for direct Arab-Israeli negotiations before the end of the year.

U.S. officials welcomed as "significant" a statement by King Hussein who said that "we are willing to negotiate" a settlement in the context of an international conference and on the basis of United Nations Security Council resolutions 242 and 338.

These resolutions call for an exchange of Israeli-occupied Arab territory for a full peace and recognition of Israel's right to exist behind secure borders.

It was unclear from the King's statement whether "we" also referred to the Palestine Liberation Organisation which last November reaffirmed its opposition to Resolutions 242 and 338

Rebels blow up Mozambique rail bridge

MOZAMBICAN rebels have blown up a railway bridge linking the country's capital of Maputo with South Africa, according to Mozambique's official news agency AIM, Reuter reports from Maputo.

The metal bridge was in the Ressano Garcia area, a few miles from the South African border. A railway bridge on the same line was damaged in another sabotage operation on April 26.

The agency said that last month's attack on the railway bridge had been carried out a day before a shipment of vital coal supplies.

Rebels of the Mozambique National Resistance have been waging a hit-and-run war against the Government since Mozambique's independence from Portugal ten years ago.

Geldenhuys to head South African Defence Force

BY JIM JONES IN JOHANNESBURG

GENERAL Constand Viljoen, chief of the South African defence force, is to retire on October 1, slightly less than a month before his 52nd birthday, to make way for Gen Johan Geldenhuys, a man two years his junior. At present Gen Geldenhuys is chief of the Army.

Gen Viljoen denied speculation that his resignation has anything to do with last week's incident in which two South African soldiers were killed and a third captured in North Angola.

He said he was retiring to devote his entire time to farming and to allow Gen Geldenhuys a productive career before the mandatory retirement age of 55.

● President P. W. Botha announced in Cape Town yesterday that Dr Willie van Niekerk, Administrator-General of South-West Africa, is to be appointed to the Cabinet as Minister of Health and Welfare in place of the late Dr Nak van der Merwe.

Mr F. W. de Klerk, leader of the Transvaal National Party and Minister of Home Affairs, is to become Minister of National Education and Scientific Planning; Mr L. T. Landers, a member of the Coloured House of Representatives, has been appointed Deputy Minister of Population Development. Mr S. W. Naicker, a member of the Indian House of Delegates, has been appointed Deputy Minister of Environmental Affairs.

Food shortage worsens in Sahel

By Peter Blackburn in Abidjan

FOOD SHORTAGES continue to grow in the three drought-affected Sahel countries of Chad, Mali and Niger, although the rainy season has started, according to a report from the United Nations Disaster Relief Organisation (UNDRO).

Rainfall has been insufficient to permit new crop plantings in Central Chad, South-West Niger and South Mali, the report says.

Some 200,000 Chadians have been forced by drought to abandon their homes, and more continue to converge on food distribution centres.

The situation has "seriously worsened" in Mali, especially in the regions of Timbuktu, Gao, Mopti and Kayes, the report adds.

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WORLD TRADE NEWS

EEC urges India to back fresh Gatt round

BY JOHN ELLIOTT IN NEW DELHI

THE EEC has launched a campaign to win over countries which are opposing a new round of Gatt negotiations on international trade. Yesterday senior officials of the European Commission met top Indian civil servants in New Delhi which is emerging as a leading opponent of the new round proposed by the U.S. and Japan as well as the EEC.

India wants a better enforcement of Gatt rights and safeguards in areas such as textiles, agriculture and tropical products before any new round is started. It also opposes the U.S. initiative to include service industries, arguing that Gatt is the wrong forum.

The Commission officials have already visited Brazil, another key opponent, and are visiting the Philippines this weekend. They have been preparing the ground for a ministerial meeting in Stockholm next week which will be attended, among others, by Mr Vishwanath Pretap Singh, India's finance and Commerce Minister.

"India is sceptical about the advantages of a fresb round but is not bostile," said Mr Roderick Abbott, a director in the external affairs directorate general of the Commission. After be bad met Mr Prem Kumar, permanent secretary of the Indian Ministry of Commerce.

"India's attitude is thst It would rather not open that Pandora's box," be said. It was "distrustful of the U.S. wbicb might want to erode developing countries' preferential status" and it was "fearful that talk about introducing new areas might take attention away from existing problems."

Mr Kumar and other top Indian officials told the Commission delegation developing countries wanted to see progress in committees set up after the last Gatt round on issues like textiles. India did not aee how pressure on Its own industries, wbicb was causing great concern, would be reduced by a new round.

Mr Abbott said It was important for services to be included because invisibles made up 30 per cent of world trade. To exclude services would "condemn Gatt to a diminishing role In world trade and to tbe part that Is not growing."

Nicaragua signs trade deal with Mexico

By Tim Coone In Managua

NICARAGUA AND Mexico signed a new trade agreement on Wednesday worth some $26m (£20.6m) covering oil supplles and industrial and agricultnral raw materials for 1985. Under the agreement Mexico has offered to provide 320,000 barrels of crude oil on preferential termls to Nicaragua between July and September this year, and a further 410,000 barrels between October and December on terms still to be negotiated.

Ten days ago, Sr Danlel Ortega Nicaragua's president, announced that 80 to 90 per cent of Nlcaragua'a annual oil needs of some 4m barrels would be provided by the Soviet Union in 1985, dne to Nicaragua's inability to meet tbe terms of Mexican oil supplies under the San Jose agreement of 1982.

The 1982 agreement lays down that beneficiaries of the San Jose accord must pay 80 per cent in cash on delivery of the oil and the remainder is converted into a long-term credit.

Nlcaragua has paid only interest on Mexican crude oil supplies since 1981 and now bas e debt with Mexico exceeding $500m. Further meetings are to be held over tho next three months to reach agreement over the repayment of tha debt.

The new agreement inclndes a $7m counter trade deal for 1985 in which Mexico ls to provide raw materials for PVC and agro-chemical manufacture in return for frozen meat and shell fish. These products wero formerly traded between Nicaragua and the U.S. until the embargo was imposed by the U.S. at the beginning of May.

According to Sr Luis Macias, the commercial attache at tho Mexican embassy in Managua, Mexico is also to supply on cash terms tyres, vehiclo spares and agricultural machinery that was formerly bought by Nicaragua in tho U.S.

Total trade between Nicaragua and Mexico in 1984, exclnding crnde oil supplies amounted to $25m. Sr Macias said that Wednesday'a new agreement did not include any new trade credits to Nicaragua.

GE and Snecma to develop prop fan engine

BY MICHAEL DONNE IN PARIS

GENERAL ELECTRIC of the U.S. and Snecma of France have signed a new agreement to collaborate on the development of the new type of "prop-fan" aero engine, which GE calls the Unducted fan (UDF) engine.

Snecma will get a 35 per cent share of the work on the engine which is revolutionary in its concept and is designed to yield savings in fuel consumption of up to 35 per cent. The deal was announced at the Paris air show which opened yesterday.

Snecma has already started work on the initial development phase of the engine programme, and e decision on full scale development and production will come in 1987, with a view to making the ongine available for airline service in tha early 1990s.

The propfan is revolutionary in that lt uses propellora with 12 blades shaped like a ship's screw instead of the conventional four bladed propellors currently used in turbo-prop airliners.

The result is claimed to be much lower noise, lower fuel consumption and less vibration.

All these claims have yet to be proved, but Mr Brian Rowe, vice president and general manager of General Electric's Aircraft Engine Business Group, said at the air show that his company had already done so much work on this new concept that it was convinced that it would not only be able to meet all of the U.S. Federal Aviation Administration noise regulations but that it would also be available in time for a new generation of airliners from 1992.

This time scale has been called into qnestion, notably by Airbus Industrie which still bas doubts about the propfan. Boeing of the U.S. is pursuing its own propfan studies with e view to putting auch an aircraft into service in the early 1990s.

It was also revealed in Paris yesterday that British Aerospace has sold the Indonesian Government ona of Its type 146 regional jet airliners worth over $20m. The aircraft will ba used for transporting the President of Indonesia and senlor government officials. It is boped that this will be the forerunner of further sales of the 146 to Indonesia in the near future.

China sets rules on technology imports

CHINA bas issued new rules on its technology imports which forbid foreign firms from putting restrictive articles into contracts, according to the New China News Agency, Reuter reports from Peking.

The rules say foreign firms cannot contractually stipulate whicb prodncts Chinese companies can make with the technology they buy, or which countries they can sell those products to.

"The regulations provide that the foreign party may not impose restrictive articles in a contract," it said.

"These (restrictive articles) include . . . tho amount, variety and sales prices of prodncts manufactured with imported technology, and stipulations as to sales channels and the export market," the agency said in a summary of the rules.

Companies exporting technology to China under Licensing and other agreements have often relied on contractual clausea to protect their export markets from future Chinese competitors using their technology, one foreign analyst said.

He said that the regulations appeared to remove this protection.

The rules came into force on May 24. They cover transfer of patents and industrial property rights, know-how related to production processes, formulas, designs, quality control, and technical services, the agency said.

Chinese firms will not be able to sign technology transfer contracts exceeding a 10-year term without special permission, and foreign firms cannot prohibit China's use of imported technology after the contract expires, the agency said.

UK contractor wins port deal

By Wong Sulong in Kuala Lumpur

A MALAYSIAN associate of John Howard, the UK cootractor, has won a M$11.3m (£3.73m) order to build two roll-on roll-off terminals at the Kuantan and Kuching ports, Malaysia.

The terminals are the first stage of a ferry link between Kuantan on peninsula Maleysia and Kuching and Kota Kinabalu in East Malaysia.

The contract was won by Mattra-Howard, a joint venture between John Howard and the Malaysian Transnational Trading Corporation.

The terminal at Kuantan is expected to be completed by Aogust and the one in Kuching in November. Posford Pavry are the consulting engineers for the Kuantan terminal, wbile Sir Bruce White, Wolfe, Barry and Partners is the ongineer for the Kuching terminal.

Cockfield pledge on EEC trade barriers

BY QUENTIN PEEL IN BRUSSELS

THE FIRST indication of a new approacb io the European Commission campaign for the removel of barriers to e free market within the EEC was outlined yesterday by Lord Cockfield, the European Commissioner responsible for the internal market.

The plan is to tackle physical, technical and fiscal barriers to trade regardless of whether they affect goods or services—and thereby bopefully speed up their removal.

Lord Cockfield promised the publication of a detailed timetable for removal of all remaining barriers by 1992, ln the form of a European Commission white paper on the internal market, "in the next two or the Milan summit" of EEC leedera.

Speaking to a joint Institute of Directors and Kangaroo Club meeting in London, be warned that if the timetable were to be met, the Community would bave to develop new procedures "to handle the vast amount of Community legislation that would be needed."

Lord Cockfield said the White Paper would no longer seek to tackle market barriers according to whether they affected people, goods or services, but rather according to the type of barrier: physical, technical or fiscal.

The most obviout would be to link obstacles to trade in both goods aod services, and thus accelerate the much slower progress in liberalisation in the service sector.

Drop in use of Swiss scheme

By John Wicks in Zurich

SWITZERLAND'S exporters made mnch less use of the netional export risk guarantee scheme (ERG) last year, according to a government report.

Declining use of the ERG coverage meant tbat the fund's premium income fell off by 19.5 per cent over tbe year to SwFr 71.2m (£21.8m). Guarantees granted covered a sum ol only SwFr 5.28bn, compared with SwFr 8.4bn in 1983. Only SwFr 400m of the 1984 total involved the insuring of currencyg risks.

Since guarantees covering some SwFr 7.2bn were lifted last year on payment or annulment of export contracts, the ERG's total commitment dropped to SwFr 15.8bn, against SwFr 17.9bn at the end of 1983.

Apple signs agreement on China computer sales

BY PAUL TAYLOR IN NEW YORK

APPLE COMPUTER, the west coast U.S. computer group, said yesterday that it has signed an agreement which will allow it to market its personal computer products and peripheral equipmentin China though an independent distributor, Aci Kaihin.

Apple said it plans to start shipment of its compnter products within four to six months. No financial details of the agreement were announced.

The move represents the latest pusb by U.S. high technology groups into the Chinese market. Last November Apple'a arch-rival in the personal computer market, International Business Machines (IBM), announced the formation af a subsidiary in China to spearbead the group's expansion into China.

Aci Kaihin is owned jointly by China Hua Jian, a Chinese company, and tho Ko family of Singapore.

Apple said that, under the terms of the agreement, Aci Kaihin will become a certified software develper under Apple's software development programme.

In addition, the U.S. group said, the agreement provides for Apple, Aci Kaihin the China National Education Instrument and Equipment Corporation of the Ministry of Education to jointly develop ideas and concepts for the use of microcomputers in the Chinese education system.

Country profiles for businessmen

By Nicholas Colchester

SMALL AND medium sized companies considering trading or investing abroad are to be offered a new source of practical lnformation on countries with which they are interested in doing business.

The Macmillan Press, the publisber, bas joined forces through Stockton, its U.S. subsidiary, with InterMatrix group, an interoational research and management consultancy firm, to produce a continnously updated series of country reports.

Fears on finance as HK island line opens

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

HONG KONG'S rapidly improving transport system today reaches another milestone ln its development with the opening of an HK$11bn (£113m) extension to the territory's mass transit railway.

As the system opens there is concern abont the Mass Transit Railway Corporation's finances and evidence that it will not attract the number of passengers originally forecast.

The extension to the railway, whlch has become the most densely utilised system of its type in the world, was built by 75 contractors from Hong Kong, UK, Japan and France.

Sir Edward Youde, Hong Kong's Governor, this morning takes an lnaugural ride on the 12.5 km Island Line route, whicb increases to 38 km tho territory'a recently developed Mass Transit Railway network.

Each day, about 1.2m passengers use the network, the first section of whicb opened jo late 1979. About 46,000 people a day use each kilometre of the route, compared with tho 40,000 per kilomotre e day on Tokyo's system and 4,000 on London's.

The new line can handle 1m people a day, although it is only expected to be carrying around 300,000 new passengers a day by the year-end.

This represents a significant decline on forecasts made in 1980 wben approval for the new line was given. The drop is largely attributed to reductions in journey times for buses on Hong Kong island, resulting from road improvements and higher taxes on privato vehicles.

The Mass Transit Railway Corporation, set up in 1975, has raised HK$24.5bn (£2.6bn) for investment in the network of which the goveroment bas provided HK$5bn. The remainder was raised througb export credit finance and commercial loans.

Last year, after lnterest and finance charges, the corporation recorded an operating loss of HK$545m. By 1990, bowever, lt expects to generate sufficient revenue to meet current operating costs and loan repayments.

Mr Newton has warned that because loan interest on the Island Line bas been capitalised and must now be charged to the profit and loss account, sharebolders' funds are being depleted at an accelerating rate.

Mr Newton said it would be some time before they could expect an overall positive cash flow. "We could got to the situation when shareholders' funds become negative and the corporation's liabilities exceed lts assets. Technically, we would be bankrupt."

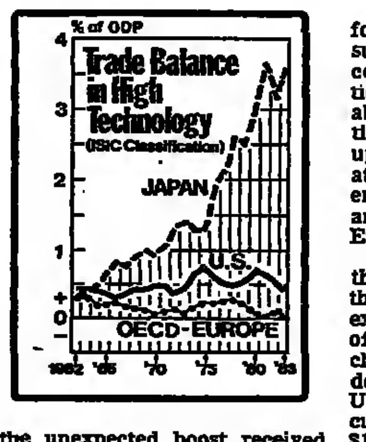
It it understood that the government which is the only sharebolder, might consider steps to improve the railway's financial position latar this year.

OECD WORLD ECONOMIC OUTLOOK

Difference in world growth rates likely to narrow

BY MAX WILKINSON

RECOVERY in the industrial world is now well over two yeers old the OECD says, and the peri of fastest growth eppears to havo been passed. Growth is expected to continue, bowever, at the recent slower rates, and the striking difference between growth rates in North America, Japan and Europe are expected to continue to narrow.



Last year real domestic demand grew at 8¾ per cent in the U.S., 4 per cent in Japan and 1½ per cent in Europe. In the forecast period up to the end of 1986, domestic demand growth in the U.S. and Jepan is expected to be between 3 and 5 per cent but Europe is expected to remain e laggard with growth of only about 2 per cent.

The OECD says that one unusual feature of the recovery ao far is the buoyancy of private investment in the U.S. and Japan, in splte of high real interest rates and large unexpected swings in excbange rates, as well as a substantial margin of spare capacity. This buoyancy is expected to continue.

In the U.S., private non-residential investment reached a postwar record in 1984 as a proportion of national output and the ratio in Japan last year reached its highest level since 1973. Furthar increases are forecast for both countries.

Even in Europe, tha movement has been upward, though at a much slower rate. By 1984 tha ratio of investment to GDP in Europe bad not even returned to its level of 1980. Investment here, in marked contrast to Japan and the U.S., appears to have been channelled into rationalisation, rather than expansion of capacity. The OECD suggests that this is consistent with the steady rise of nnemployment.

Overall, the OECD paints a depressing plcture of Europe as something of a backwater among the developed ecooomies. It says that Europe's better productivity record than tha U.S. in recent years "is linked rather to stagnant employment thon to higher output."

The OECD says that Europe bas beeo partly rescued from its lack of success in adaptiog to changes in global demand, by the unexpected boost received from the strength of the dollar and the U.S. recovery, has belped European exports.

Analysis of different patterns of trade by the organisation suggests that Europe has steadily improved its trade balance in food, raw materials and low technology. Recently, bowever, It has fallen bebind badly in trading performance in medium and higb technology goods. Tha Japanese performance far outstripped that of both Europe and the U.S.

Tho OECD says: "More disturbingly, despite considerable Government interest in and encouragement of high technology in Europe over the years, its trade balance appears to be on a downward trend to becoma a net supplier to the rest of the world of food and raw materials.

The main risks to world growth set out by the OECD are:

- A slowdown in the U.S., with a scharp fall of the dollar.
- Uncertainties surrounding prospects for third world countries particularly those with large debts. High interest rates, weak commodity prices and decelerating growth in the Industrial world, could hit their imports more strongly, than expected.
- A possibility of a abarp fall in oil prices. Although a slow downward drift in oil prices would be generally beneficial for growth, the OECD, says, the disruptive effect of a sharp fall could reduce world demand in the short run.

Strategy needed to cope with U.S. changes

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE RISKS to the world economy of a slowdown in U.S. growth, with a possible collapse of the dollar are dominant themes in the latest economic outlook from the Paris-based Organisation for Economic Cooperation and Development (OECD).

The organisation's central forecast, published yesterday, suggests thet all these risks could be avolded. Its projections show moderate growth of about 3 per cent a year continuing in the industrial world up to 1986 with inflation stable at 4½ per cent. However, unemployment would remain higb and even rise slightly in Europe.

But the organisation stresses that this forecast is based on the tachnical assumption that exchange rates, including thet of the dollar, will remain unchanged. Since an unchanged dollar would produce a forecast U.S. balance of payments current account deficit of $145bn next yeer, with a rapld build up of foreign debt, tha OECD believes this assumption is implausible.

It says that althugh the high dollar is one cause of the large and growing U.S. current account deficit, the rapid growth of domestic demand in tha U.S. bas been a more important factor.

But whatever tha causa of the trade deficit, the U.S. could ln 1985 becoma a net international debtor for the first time since tha first world war.

Much of the outlook is therefore devoted to a discussion of bow en adjustment in the U.S. might take place, probably by a fall in the dollar.

This could beppen quite slowly. In this case the results would be relatively benign as interest rates outside the U.S. could adjust downwards wbile improved U.S. exports could tend to accelerate.

The report says bowever that the threat of a plunging doller could force the U.S. authorities to raise interest rates to avoid inflationary expectations being rekindied. This could "have serious effects on the recovery, not only in the U.S. but elsewbere too," it says.

The OECD says that action to reduce the U.S. Federal budget deficit would be a key condition for stability in the medium term. It belleves the main consequence would ba:

- Contraction in the U.S.
- Downward pressure on prices elsewbere.
- A lower dollar.
- Reduced activity in tha rest of the industrial world.
- Consequent cuts in interest rates outside the U.S. would probably not be enougb to off-set the effects of the decline in activity in the absence of specific changes.
- The U.S. current account deficit would improve, but would probably remain substantial for some years.

Economic growth outside the U.S. would be hit in one or two ways. Lower U.S. interest rates and a loss of confidence in the American anti-inflation pollcies could lead to an accelerated fall of the dollar, so that U.S. net exports would increase, with a corresponding negetive impact on demand in the rest of the world.

Alteroatively, if the U.S. were to reect to pressure on the dollar by raising interest rates, U.S. activity would be depressed so that other countries would experience weaker exports. The organisation concludes that "increasingly c a r e f u l consideration" must be given by the U.S.'s partners to a co-ordinated strategy to offset the adverse effects of U.S. action to rednce its budget deficit.

"Without such action, imbalances in the world economy could build up to unmanageable proportions. But large international balances ere seldom a matter requiring correction by one country alone."

The countries pressing the U.S. to take budgetary action should therefore consider how their own policies might belp.

The OECD acknowledges the need for other countries to be cautious in expanding their economies, and it praises their efforts to get rid of structural obstacles to growth. However, it says, these efforts to improve the supply side of the economy, may be slow to take effect.

"Experience suggests that significant action on the supply side, such as reducing industrial subsidies, barriers to trade, or the strength of employment protection measures, will continue to be difficult until growth is somewhat faster and unemployment is starting to fall."

It edds: "On this argument, action on the demand side may be warranted." The OECD's suggestion, phrased cautiously, is that in countries were inflation and bndget deficits are under control bnt which have alow growth and high unemployment, measures such as tax cuts could be considered.

In addition to the risk of high unemployment, the OECD points out that slower growth in the industrial world with perhaps a rise in interest rates could have aerious consequences for debtor countries.

It says that in spite of progress in managing Tihrd World debt and in adjusting policies amongst the debtor countries, "there are signs . . . of a slackening of these painful but necessary efforts and inflation bas been rising.

"Unless this tendency is checked, the prospects for import moderation and continuation of the reorientation of these economies towards exports will darken."

OECD FORECAST	1984	1985	1986
Real GNP (annual % change)			
United States	6.8	3¼	2¾
Japan	5.8	5½	4½
W. Germany	2.6	2½	2¾
OECD Europe	2.4	2½	2½
Total OECD	4.9	3¼	2¾
Inflation (consumer prices)			
United States	3.2	3¼	3½
Japan	2.1	2¼	2½
W. Germany	2.6	2½	2¼
France, UK, Italy, Canada	6.9	5¾	5¼
Total OECD	5.0	4½	4¼
Current balances ($bn)			
United States	−101.6	−120	−145
Japan	35.0	39	48
W. Germany	6.2	12	18
OECD Europe	9.3	16	29
Total OECD	−65.4	−72	−74
Unemployment (% of labour force)			
United States	7.5	7½	7½
Japan	2.7	2¼	2½
W. Germany	8.3	8¼	8
OECD Europe	10.7	11	11½
Total OECD	8.4	8¼	8½

Jobless level to rise again

By Philip Stephens

Sustained economic growth in the major developed countries is unlikely to be enough to prevent a further rise in unemployment next year, with Europe continuing to bear the brunt of the increase.

The OECD predicts that the averago unemployment rate will edge up to 8½ per cent by the end of 1986 from the present 8¼ per cent. The overall figure, however, conceals significant disparities between trends in Europe, the U.S. and Japan.

European economies, which are already suffering from the highest unemployment rate in 50 years can expect a further significant increase in their jobless totals.

The OECD projections suggest that there will be 19¼m people out of work in Western Europe by the second half of next year, 500,000 more than at present. The unemployment rate will rise from 11 to 11½ per cent.

In contrast, tho rate in Japan is likely to remain stable at only 2½ per cent and in the U.S. at 7½ per cent.

The rise in European unemployment likely to be strongest in France, Belgium and Ireland, is forecast despite the OECD's expectation of a parallel increase in the number of people in jobs.

It concludes that this increase in employment is unlikely on average to keep pace with the natural growth of the labour force, although in the UK and West Germany it may result in a small drop in the unemployment totals.

The Organisation says that the wide disparity between countries and regions partly reflects differences in economic growth but it may also mirror differences in the adjustment routes taken by the major economies after the oil price shocks of the 1970s.

It contrasts developments in the U.S. where real labour costs and productivity grew more or less in parallel to the experience in Europe where until last year labour costs rose much faster than productivity.

The conclusion is that the "flexibility" of labour costs in the U.S. allowed a much quicker recovery in employment than the more "rigid" wage bargaining systems in Europe.

Firm control of inflation forecast

BY PHILIP STEPHENS

THE OECD is confident that inflation will remain under firm control in most of its member countries and says that further small declines in the pace of price rises are expected ln a number of economies.

It doubts, however, whether there can be any further significant reduction ln the average inflation rate unless high unemployment and excess supply in commodity markets trigger a fundamental shift in expectations.

The Organisation forecasts that the annual rate of price increases, as measured by the private consumption deflstor, will fall to an average 4¼ per cent by the second balf of 1986 from the present 4¾ per cent.

For the seven largest economies the comparable figures are 3½ per cent and 3¾ per cent.

The key elements contributing to downward pressure on inflation are likely to be depressed commodity prices and the absence of any significant upward drift in pay awards.

The prices of non-oil commoditiea in 1985 may be some 10 per cent below the level of last year and are expected to rise only slowly in 1986.

The report says that fears that tbe present recovery in output would trigger hgher wege demands have proved generally unfounded and that the persistent weakness of commodity and oil markets enhances the likelihood of continuing moderation.

"In a number of countries, wage moderation bas been sufficient to raise tbe possibility of an enduring shift io wage bargaining bebsviour, embracing indexation provisions or attitudes to establisbed wege differentials," it adds.

The OECD acknowledges, however, that there is a risk that economic expansion could trigger some re-acceleration of inflation, perhaps due to capacity constraints or sbortages of skilled labour in particular sectors.

The UK and the U.S., where the recovery started earliest, are most at risk in this respect, particularly if productivity growth slows from its recent fast rate.

Turning to profits, it says that the combination of wage restraint and weak commodity prices has restored tha ahare of profits in national income to the levels seen before 1972.

Rates of return on fixed lnvestment, bowever, may have returned only to their pre-1977 level aod tbe scope for further advaoces may be limited.

World trade expected to grow by 5% this year

BY PHILIP STEPHENS

A FURTHER rise in the U.S. current account deficit both this year and next is likely to be mirrored by growing surpluses in both Japan and Europe, the OECD says in its analysis of the outlook for world trade.

The volume of world trade is likely to remain buoyant both in 1985 and 1986 but the pace of growth is likely to slow from the rapid rate seen in 1984. It predicts an expansion of around 5 per ceot this year and next compared with the 9 per cent seen in 1984.

The U.S. current account deficit is forecast to rise to $120bn in 1985 and to $145bn in 1986. The U.S. may reach a net dabtor position of $100bn in 1986. Japan will remain one of the main beneficiaries of strong U.S. import growth and its current account surplus is likely to rise to nearly $40bn this year and closer to $50bn in 1986.

European nations are also expected to move into a position of strong current account surplus, with the figure for the four largest economies pnt at $9.5bn in 1985 and twice that amount next year.

Within the overall pattern, however, a number of countries like Italy, Greece, Ireland and Portugal may continue to run substantial deficits, and the improvement in Britain's surplus will be due entirely to the boost to oil exports provided by the end of the miners' strike.

MANAGEMENT

Innovation

The starters and the finishers

Lionel Barber on the lessons of an entrepreneurs career

THE STORY so far. A young British electronics graduate, Tony Davies, defies City of London sceptics and sets up his own high technology company, liquidating most of his personal assets and raising £3,000.

Within five years, Davies's company, Membrain, belatedly backed by French and British venture capitalists, has won a Queen's Award for Industry and is notching up impressive profits. Then Davies sells out.

"People who start things," says Davies, smiling as if in self-recognition, "are rarely people who finish things."

But this is by no means a British half-success story. Davies's subsequent career, and the progress of Membrain under the new ownership of Schlumberger offer some important lessons: how to combine the free-spirited innovation of the start-up company with the need for a more disciplined approach as the company grows; and how, in Davies's new high-technology venture, he has again found that a low-volume, high-cost product has proved the most effective defence against foreign

Tony Davies

IN 1977, a study by Arthur D. Little, the management consultants, on new high technology based firms in the UK and West Germany described Membrain as "virtually a text book exemple" of what they were seeking to identify.

Davies had acquired engineering experience in a large business, Plessey; he had learnt how to raise capital and run a small business; and he had concentrated on product development.

His basic business was automatic test equipment (ATE), used in the manufacture and maintenance of electronic equipment such as printed circuits boards and semi conductor memories.

By the following year, 1978, Membroin's pre-tax profits topped £300,000 on sales of £3m. The position then changed dramatically. One of Davies' main venture capitalist backers, the French company EED, failed as a result of overtrading.

Davies faced a choice: either he tried to buy out EED's 30 per cent stake or he could try to place it in friendly hands. In the event, neither proved possible, for Membrain found itself facing a number of take-over bids, notably from Schlumberger, the Franco-U.S. oil services conglomerate. Davies plumped for Schlumberger, believing that a promised "hands-off" approach would prove more attractive to his staff.

Davies took up a senior management post within the new group; very soon, he was heading a three-man team sizing up a new acquisition for Schlumberger in the U.S.: Fairchild, the semi conductor business with strong interests in component testing.

The challenge offered to Davies was to weld the ATE business of Schlumberger/Fairchild and Membrain into one coherent international force. It was tempting, though Davies was already looking for a "second coming as a self-starter."

For some two years, he had served as a non-executive director of a firm called Computer Technology (CTL), originally set up by Iain Barron, who later went on to establish the bold, but risky micro-chip venture, Inmos.

By 1980, CTL was effectively being run by City institutions which held most of the equity. It was an unhappy set-up and the institutions wanted to reduce their holding. With £500,000 garnered from the sale of Membrain to Schlumberger, Davies was able to buy a substantial stake in CTL.

His approach to running CTL and its associated businesses has been the very opposite of, say, Sir Clive Sinclair. Instead of going for a high-volume, low-cost product in a fashionable market, Davies has chosen a wide range of low-volume, high cost products. The lesson: don't attract the competition of powerful multinationals but instead identify high margin niches which they are unlikely to bother about.

Davies has three main businesses: mini computers, work stations for the automated office and what Davies refers to as "communications glue"—local area networks, all grouped together in one company, Information Technology.

Davies is supplying £100,000 mini computers for "transaction processing," where hundreds of bits of information are sent by the minute into a central file. Hewlett Packard and Wang are competitors, but Davies reckons he can come out on top by tailoring his product to individual corporate needs.

The same applies to the local area networks and the office stations. The networks, for example, can simultaneously handle computer traffic and closed circuit TV and are 50 per cent higher in price than the competition.

The heavy investment in research and development has held back earnings. In 1980, the first year of trading, pre-tax profits were £581,000 on £7.3m turnover; in 1984 pre-tax profits had risen to £1.05m on £25m turnover.

Inside Information Technology, Davies has now withdrawn from being chief executive, confining his role to chairman, overseeing future development of the group. He has also consciously adopted a U.S.-style board with separate audit and compensation committees seeking to maintain checks and balances.

These are all useful devices to check Davies' occasional presidential impulses. They give the impression of a cautious conservative management style not immediately identifiable in the high technology company. But as Davies says: "We may not be the most exciting or glamourous company, but it is always much better to minimise the downside risk."

Why Membrain had to learn some different rules

"IF SCHLUMBERGER has got nothing else," says one of the Franco-American multinational's UK middle managers, "it has got money."

Last year, Schlumberger's revenues amounted to some $6bn. But those associated with Schlumberger's acquisition of Membrain in 1978 see its role so far as more than merely bankrolling a high-risk enterprise.

"There was not only a need for resources," says Rob Tucker, product marketing manager, "you have to remember that in 1980, Membrain did not have a really wide product range."

Schlumberger management, faced with the need to develop such a range within three or four years, found itself fighting on two fronts: modifying the Davies-dominated management at Membrain, while simultaneously trying to integrate another new acquisition, Fairchild.

There was a certain comic irony. Back in 1977, Fairchild itself had sought to acquire Membrain to complement its board test equipment business. Since then, its better-known semi-conductor production had run into trouble, while its other front-line business, component testing, was also faltering. The natural decision was to separate Fairchild's board testing business and link it with Membrain's.

In September 1984, Schlumberger announced that this dual management and technological challenge had finally been met. A new company, Factron, piecing together the Fairchild and Membrain board testing equipment business, was formed along with new products for the UK and U.S. markets, the Series 730 and the Series 733.

But behind the £250,000 European advertising campaign, proclaiming "the most important news of 1984 for the European electronics industry" lay a series of key management decision by Schlumberger.

- Changing a low-volume, design-oriented Membroin business into one more suited to a future high volume market.
- Modifying the "autocratic" management of the old Membrain which was overdependent on Tony Davies to a more decentralised approach favoured by Schlumberger.
- Setting up in-house competition between Fairchild and Membrain to establish which team could produce the model for the new board testing equipment.
- Preparing both the workforces at Membrain and Fairchild which would formally signal child for the creation of Factron integration.

But these management objectives were not always complementary. Art Buckland, general manager at Factron in Wimborne, Dorset, explains, "We emphasise decision-making should be pushed down to the front-line," but he concedes that creating a transnational identity called Factron tends to work against the proposed decentralised management style.

Equally, Buckland is adamant that he wishes to preserve, as far as possible, the innovative spirit kindled by Tony Davies inside the old Membrain. Though Schlumberger's hand is far from heavy, there is still pressure from the centre for the fundamental aims of maximising growth and profit. "You can't ignore that," says Buckland, "you just have to find ways round it."

Buckland says he spends a great deal of his time as general manager persuading the middle management and engineers among the 500 strong UK workforce that they should take decisions rather than take orders.

"We are destroying hierarchy and creating a more egalitarian environment. Without this, we are dead as a company."

So far, it seems to be working. After some initial difficulties in the early 1980s, when firms were cutting back on investing in automated capital equipment, Factron has picked up some important orders, notably supplying test equipment for the IBM PC.

But what if Membrain had survived intact and independent and the French fairy godmother had failed to appear? Buckland says he admires Tony Davies's creation, but he believes it would have struggled to break into the crucial American market. "It's not just the cost. It's the management experience required, which is far greater within a bigger organisation."

Moreover, Buckland used to work for an American competitor to Membrain where he was able to observe the UK company's weaknesses, particularly in selling. "They had a better technical product but they were not always able to get that across to customers. We sold our products because we persuaded them that even if it was less sophisticated, it was the product they really wanted."

Rob Tucker, the old Membrain man who remembers the lean start-up years, is even more adamant: "Without Schlumberger, we would have been treading water for several years."

Business Travel

LONDON'S new centrally located hotel, the New Piccadilly, is on target for an August opening. The former mid-bracket Piccadilly is being revamped into a de luxe operation by the Gleneagles group. Latest moves include a decision to make one floor non-smoking and allocate a section of the restaurant to non-smokers.

●

A RASH of complaints about first class seating in scheduled Boeing 767 aircraft seems to be bringing about changes. Although wide-bodied for a medium haul jet it is narrower than a DC-10 or 747 (Boeing itself calls the 767 a semi-wide). Customers think they are going to get jumbo seating and don't. In a six abreast configuration the seat room is considerably less than in a similarly planned 747. TWA is replying with a move to five abreast, and 747-width seats, leaving an odd line of single seats down the middle of the first class section. Customer reaction is awaited.

●

EUROPEAN Savers, the five-day cheap return fares available from railway stations in Britain to many European destinations are now more widely available. Up to four nights can be spent at the destination, the five-day validity commencing on arrival at the Continental port. You can buy European Savers to any station in the Netherlands, Belgium or West Germany; to most stations in France and selected destinations in Switzerland and Luxembourg. Examplea of return fares from London include Paris, from £35, Brussels £34, any station in the Netherlands £35, Cologne £42, Cannes £92.00 and Lausanne £69.30.

●

HILTON International is to go global with its No stop check-out system in June. Under the scheme you have to use a major credit card and tell the check-in clerk that you want a no-stop system. The night before departure the hotel pushes your credit card receipt and an itemised statement under your door. If you agree with the charges you just drop your key in a lobby box and walk out. The system has been on test in Canada and is now being expanded worldwide.

●

BRITISH Airways is to increase the frequency of its flights from London to Nairobi next month to cope with higher demand. A new Monday flight out, Tuesday back, will bring the schedule to seven round-trips a week including two daylight departures on the service to London.

●

HILTON is repeating its highly successful 1984 room and car arangement in Zurich this year. For the basic room rate (SwFr 210 for a single room) you also get an economy car from Europcar for 24 hours with unlimited mileage.

●

BRITISH Airways has produced an enlarged Mini-stay brochure for stopovers on its Far East and Australasia services. Two new Thai resorts, Phuket and Chiang Mai, and trips into mainland China have been added to the popular stopover listings of such destinations as Hong Kong, Singapore and Bangkok. The stopovers include airport transfers, bed and breakfast and sight-seeing tours. Fairly typical are £62 for a one-person, one-night stay in Kuala Lumpur (Holiday Inn), £63 for the same in Bangkok (Inter-Continental) and £77 for the Manila Hotel in Manila although in theory there is a £12 basic price for a night in Singapore.

●

BRITISH Rail says it will have telephone services installed in more than 130 InterCity trains, including all the new Pullman services, by the end of this year. The 'phones can be used for both domestic and international services.

●

THE Hyatt in Singapore is about to become the largest hotel in the country. The 12-storey Regency Terrace building should be open in July as an addition to the present Hyatt Regency and, with its 350 rooms and suites, brings the size of the property to 1,100 rooms.

●

AVIS has linked with British Airways to produce a world-wide freewheeler programme for the UK market. It offers car rental at pre-agreed unlimited mileage rates which, the two say, will largely remain in force for at least a year. The deal is really aimed at the leisure market but in the absence of special corporate rate deals which might give better rates to particular users, the scheme could be of interest to the business market. Rentals are for three days upwards.

●

EUROPCAR has introduced a fly-drive car rental service in association with the new British Rail / Dublin City Helicopters helicopter link across the Irish Sea. Daily Europcar rates for helicopter passengers range upwards of £23 (Irish £28) per day for a car such as the Ford Fiesta.

Arthur Sandles

Spending by visitors to Britain surges 40%

BY ARTHUR SANDLES

BRITAIN'S gain from its present flood of foreign tourists may be even greater than some optimists have predicted. Official figures for March – the first true month of the tourist year – show a 40 per cent increase in spending by overseas visitors, compared with March last year, to £310m.

Shops, restaurants, car rental groups and hotels in the UK's tourist areas – including London, Bath, York and Edinburgh – are benefiting from an unprecedented flow of foreign business.

The rise in the number of visitors in March was only 6 per cent at 880,000. The difference between this rise and that in spending seems to confirm the view that American visitors are using the high exchange rate of the dollar to regard the UK as a cheap place to shop.

So heavily have visitors been spending money in the UK that the tourism account for the first quarter of this year showed a surplus of £60m. This is the first such surplus for some years and compares with a deficit of £70m in the same quarter of 1984. (A tourism surplus is usually produced by adding in money paid to UK airlines and ferries).

This surplus is even more remarkable when it is seen that in the first quarter the number of foreigners coming to Britain at 2.39m, was substantially below the number of Britons going abroad, which was 3.19m.

In that quarter the number of North Americans coming to the UK rose by 29 per cent. That growth seems to have continued. London's hotels are now turning away any further package tours.

A big test will come next month when the American Bar Association holds its annual convention in London. There are estimates that the total number of delegates, spouses, press and others will be between 15,000 and 30,000 people.

The boom in foreign spending in the UK comes at a time when the companies involved in taking the British abroad are having a poor season – although there are indications of a revival. The provisional first-quarter figures indicate a 2 per cent fall in the numbers of Britons going abroad, although they did spend 11 per cent more money.

Ther was a fall in visits to many destinations, but not to North America. The numbers of Britons travelling to the U.S. and Canada rose by 3 per cent.

Provisional estimates for the whole of 1984 show that the UK had a record tourism year, with new peaks for visitors (13.7m) and trips abroad (22.1m). Income and spending both rose by 14 per cent, producing an increased tourism deficit

Oil unions offer jobs cut to save refinery

By Philip Bassett, Labour Correspondent

TRADE UNIONS in BP Oil yesterday put forward radical proposals for the company's Llandarcy refinery in South Wales, which include a voluntary cut in manpower of at least 30 per cent and cross-demarcation labour flexibility in an effort to save the plant from closure.

BP said earlier this year that the refinery would close because of a decline in profitability due to overcapacity in the industry.

Under the plan, about 750 out of the plant's 1,100 employees would lose their jobs, with smaller volumes of BP's own crude being processed under contract at Texaco's more modern refinery in nearby Pembroke. The remaining 350 jobs at Llandarcy's lubricants plant would be unaffected.

Unions yesterday presented to the full BP Oil board their options for the refinery, which were drawn up with the help of management consultants and outside labour movement researchers.

One union option includes a cut in manpower to 800, some closure of peripheral activities and new manning agreements. A second option includes halving the crude oil output and mothballing certain units with savings in manpower.

Unions said closure of Llandarcy would lead BP to import oil to meet domestic demand. Their proposals would ensure a continuing positive contribution to the UK balance of payments. They said: "It is ironic that it should be left to the trade union side to fight the Exchequer's corner against a company in which the state has a significant shareholding and which claims to represent 'Britain at its best'."

PWR WILL PROVIDE DEFENCE PROPULSION SYSTEM

UK-designed reactor for Navy

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN IS close to completing the first British-designed pressurised water reactor (PWR), the type of nuclear reactor examined by the two-year Sizewell B public inquiry which ended earlier this year. It has been built as the heart of a £300m project to provide the Navy with a nuclear propulsion system for the 1990s.

The reactor, called PWR2, has been under construction since 1980 and is scheduled to come into operation at the Vulcan Naval Reactor Test Establishment at Dounreay in the north of Scotland in 1987.

The factory-built reactor is being prepared at Barrow in Furness this weekend for the 380-mile sea journey from Morecambe Bay to Dounreay, where it will serve as a training and development reactor for the Navy's nuclear propulsion programme.

It is almost complete except for its nuclear fuel core – the size of a dustbin – and is built into a 1,300 tonne assembly awaiting a tow to Scotland on a hig submersible barge called Giant 2. The cargo will not be radioactive, for its nuclear core will not be needed for nearly two years.

The reactor is expected to yield 50 per cent more power than any the Navy is operating today. The first production model is intended for Britain's first Trident submarine, more than twice the size of its Polaris missile submarines. It will also be used in a new class of hunter-killer submarines, swifter but quieter than those now in service.

PWR2 has been designed and built by Rolls-Royce and Associates, a defence consortium which includes Babcock International, Foster Wheeler, and Vickers. They designed it to take account of the Navy's requirements for higher performance – higher output, less noise, longer-lived fuel, and greater resistance to shock.

They also complied with the higher demands on nuclear safety required in the nuclear power sector, so the new reactor conforms with civil PWR safety standards in Britain. The pressure vessel was forged by Creusot-Loire in France, which also has a design contract to forge the Sizewell B pressure vessel.

PWR2 is expected to start its sea journey next Tuesday or Wednesday weather permitting – and to arrive within three days. The final leg of the journey from Sanside Bay, over a mile to the newly-built reactor building, is expected to take about 10 days.

The cost of this unique transport operation is estimated at £4m-5m, depending on any unforeseen difficulties en route. The alternative would have been to assemble the reactor in site, which would have meant accommodating a large number of nuclear specialists from Barrow at Dounreay for about seven years at a substantially high cost, the Navy says.

Laker lawyer seeks $60m

BY DUNCAN CAMPBELL-SMITH

MR ROBERT BECKMAN, the U.S. lawyer who has advised Sir Freddie Laker for many years and has acted as legal counsel since 1982 to the liquidator of Laker Airways, is demanding $60m as his share of any agreed out-of-court settlement to the $1.05bn civil anti-trust suit brought on behalf of Laker Airways' creditors against British Airways (BA) and 11 other defendants.

BA and its co-defendants proposed a settlement on May 8 which would be worth a total of $65m. This would provide $8m each for Sir Freddie and Mr Beckman.

Sir Freddie has indicated his willingness to accept this figure in principle, but Mr Beckman has consistently refused to consider $8m in private talks since then – and yesterday re-affirmed his objections before a U.S. judge in Washington.

Judge Harold Greene, who is presiding over the civil suit, received both parties to the dispute in his chambers. BA's lawyers had hoped to present him with a formal acceptance of their May 8 terms. Instead, Mr Beckman's insistence on a $60m pay-off appears to be as big an obstacle as ever.

Failure to reach agreement on a full settlment of the case is holding up the UK Government's plans to privatise BA. The parties agreed yesterday that representatives of both sides should meet again with Judge Greene on June 3.

Mr Christopher Morris, the Laker Airways' liquidator from London accountants Touche Ross, originally retained Mr Beckman on a "contingency fee" basis. This arrangement, relatively common in the U.S., provides for counsel in a damages action to receive a percentage of whatever settlement is eventually made to his client. If no damages are awarded, no fees are payable.

The percentage agreed between Mr Morris and Mr Beckman has never been disclosed. The contractual arrangement would oblige Mr Morris to negotiate a payment agreeable to Mr Beckman in the event of an out-of-court settlement of his suit.

Minister claims drop in strikes due to law on union ballots

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT'S labour legislation requiring ballots before industrial action could take a major part of the credit for the fall in the number of strikes so far this year to the lowest for 50 years, Mr Tom King, Employment Secretary, said yesterday.

Figures published this week, show only 239 strikes notified to the Department of Employment in the first four months of this year, compared with 510 in the corresponding period in 1984. It is the lowest total for this period since 1935.

Mr King said that the pre-strike ballot provisions of the Trade Union Act 1984 had made a "major contribution" to that fall by giving union members the right to choose, by enabling them to make that choice "away from the emotionally-charged atmosphere of the car-park mass meeting" and by providing for the more balanced judgments which secret ballots allowed.

So far this year, 4.8m working days had been lost through strikes, but 4.1m of those were due to the miners' strike. Mr King called that "the most costly example there has ever been of a union taking its members out on strike without proper consultation."

Mr King said that, behind the headlines of the miners' strike, across the rest of British industry common sense was on the increase. Employees' insistence on the right to decide for themselves, and employer willingness to take legal action, was "helping to change the whole climate of industrial relations."

Mr Tom King: 'Industrial climate changing'

Although he accepted that all strikes could not be legislated away, he said: "We have made a good start towards shedding the 'strike-torn Britain' tag that has been hung around our necks for so long."

The Employment Secretary cited 21 cases brought under the Act's strike-ballot provisions involving 11 different employers, but separate injunctions sought against 21 unions. He said that, in addition, there were "many cases where the existence of the law acted as an incentive to trade unions not to pursue irresponsible strike action."

Mr King drew attention to actions brought by Austin Rover, the London Underground, the Post Office and by the Government itself against a Civil Service union, which all helped to avert serious industrial action.

● Mr David Warburton, national chemicals officer of the General, Municipal and Boilermakers' Union and a contender in the union's general secretaryship race, said yesterday that the union and employment legislation would face the unions for a long time to come, whichever party won the next general election.

Mr Warburton, a key Labour Party organiser, told an Industrial Society conference in London that any party taking power would have so much to do to "sort out the mess" left by this Government that dealing with some items, such as labour law, might take some time.

Pit strike left coal stocks at high level

By Maurice Samuelson

BRITAIN ended the year-long coal strike in March with more than 30m tonnes of coal – equalling nearly a third of annual output – still in stock. This was even though the cold weather in the first quarter of 1985 helped to raise total energy consumption by 3.8 per cent over the level for the same period last year.

The May edition of the Department of Energy's energy statistics, published yesterday, showed total coal stocks at the end of March, three weeks after the strike collapsed, at 33.4m tonnes, of which just under 12m tonnes were at power stations and 20m tonnes still at pitheads and opencast sites.

The total was 12.7m tonnes less than a year earlier but only 4m tonnes less than at the same stage of the 1979–80 winter.

While coal consumption in the first three months of this year was down 33.6 per cent, use of petroleum leaped by 37.8 per cent, reflecting the heavy use of oil-fired power stations. There was also a 29 per cent jump in consumption of nuclear electricity and a 7.8 per cent rise in natural gas demand.

The bulletin also shows coal imports in the last month of the coal strike running at just over 1m tonnes a month, more than double the first quarter 1984 level. Coal exports, which used to exceed imports, had become negligible.

By the end of March, the number of men on the workforce of the National Coal Board was down to 171,000, some 12,000 fewer than the total on the eve of the strike.

In a separate section on energy prices, the bulletin shows a 7 per cent rise in the current price index for all industrial fuels between 1983 and 1984. While the indices for coal and electricity were unchanged, those for heavy fuel oil and gas rose by 19 per cent and 3 per cent respectively.

For the domestic consumer, the coal and coke price index rose by 10 per cent, gas by 3 per cent, electricity by 2 per cent and heating oils by 7 per cent.

Market to launch electronic system

BY CHARLES BATCHELOR

THE STOCK Exchange will next week launch the first stage of the electronic information network – the Stock Exchange Automated Quotation System (SEAQ) – which is due to become fully operational after the radical revision of the exchange's rules planned for autumn of next year.

From next Tuesday, the exchange plans to introduce the SEAQ International Service carrying the bid and offer prices quoted by market makers in non-UK listed shares. Topic, the exchange's existing information system, currently carries only the price midway between the bid eod offer price.

When the Stock Exchange introduces its new trading rules – replacing brokers and jobbers with market makers combining both functions – in late 1986, SEAQ is expected to carry the prices and trading volumes of both UK and overseas stocks.

In a parallel move intended to increase the amount of information available on the existing Topic network the Stock Exchange will, from July 1, carry "real time" prices of 1,600 North American stocks quoted on the New York Stock Exchange, the American Stock Exchange or the Nasdaq over-the-counter market.

Both the new Topic and SEAQ services are strongly focused on the international arena, Mr George Hayter, the stock exchange's director of information services said.

They illustrate the trend towards a global stock market and the intention of the UK Stock Exchange to play a full role in that market place, he added.

Ultimately SEAQ will be enhanced to become a share dealing as well as a share information network, though the exchange already faces potential competition from Reuters, the international business information group.

Reuters has already announced plans to launch a share dealing system in the UK in July. Earlier this year it reached agreement with Instinet, a U.S. company, to market Instinets' share dealing system outside the U.S. The exchange and Reuters hope to reach an agreement to co-operate over their rival systems.

Model approach for Nissan

BY DAVID GOODHART

HOWEVER GOOD an agreement with a trade union might be, poor management will ruin everything, according to Mr Peter Wickens, director of personnel for Nissan UK.

Mr Wickens recently signed a single-union agreement with the Amalgamated Union of Engineering Workers (AUEW) for the planned Nissan car factory in the north-east of England. Explaining the key elements of his management philosophy to the Industrial Relations Services Conference in Brussels, he said: "The Japanese have no monopoly on good management and as we are all creatures of our environment my contribution is to distil from my background of American, British, German and Japanese management what is best for us."

He said that while many features of the Japanese approach were not transferable to Britain, three important elements were team work, quality consciousness and flexibility. "These are the three key elements used by the practising Japanese manager which, when taken together, are the reasons for Japanese success."

He maintained that Japanese workers genuinely saw themselves as members of a team, but on a day-to-day basis it was the foreman's (the first line supervisor's) group that mattered. He had a prime responsibility to weld his group of 15 or so into a team that took responsibility for everything that happened in its area.

"At the start of shift they engage together in the famous short exercise period but much more important is that this is followed by a further three or four minutes when the foreman and his team actually talk together.

"I cannot overestimate the importance of this period. In the UK motor industry at the start of shift the foreman is so busy that he has no time to talk to his people – often he is doing the work of a non-arrival and any talk that does take place is generally a harangue on why yesterday's schedule was not met."

Mr Wickens said that the supervisors had been appointed at the same level as engineers and there was likely to be some interchange between them. "For too long, production management in the UK has been the poor relation. We are upgrading its status so that high quality graduates will wish to join this function as much as finance, marketing and personnel."

He also revealed that Nissan was establishing a company council on which nominated and elected representatives would sit. "This is not unusual except for the fact that the elected representatives will cover all employees. Thus, manual workers will sit with their supervisors, and engineers with administrators, and together they will form both a consultative forum at which the company will discuss such matters as investment, quality and productivity.

"At separate meetings they will also be a negotiating body. I know of no other large unionised company in which the different groups will come together to determine a pay and conditions claim."

Engineering output down in first quarter

By Our Industrial Staff

ENGINEERING OUTPUT fell slightly in the first quarter of this year from the level of the previous three months, according to latest figures from the Department of Trade and Industry.

While mechanical engineering production was 0.8 per cent higher, this was offset by a fall of 1.7 per cent in the electrical and instrument engineering industries. The two sectors together showed a drop of 0.7 per cent.

But all categories showed an increase when compared with the first quarter of 1984. The mechanical sector ended the first three months of 1985 with a production index of 87 (1980 = 100) against 86.3 in the last quarter of 1984 and 86.8 in the first.

For the electrical and instrument engineering sector, the latest quarter showed a production index of 126.8, compared with 129 in the previous three months and 113.6 in the first three months of 1984.

The index for the combined industry rose from 99.4 in the first quarter of 1984 to 106.4 in the final three months.

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THE PROPERTY MARKET BY MICHAEL CASSELL

Lloyds sells to Peachey

PEACHEY Property Corporation yesterday moved higher up the big league of developers and investora by picking up a £32.5m portfolio owned by Llovds Bank Property. The deal pushes up the value of Peachey's property investments to £145m and a new valuation is only weeks away.

Peachey has pnrchased the exclusively retail and office portfolio from Lloyds, which itself developed all the properties, in a casb and shares transaction to be approved by sbareholders.

The company has placed 5.5m ordinary sbares of 25p each—representing 19 per cent of the existing issued share capital tbrough S. G. Warburg at 248p a sbare. The £14.6m balance of the purchase price will be paid in cash. In this way, Peachey gets tbe benefit of the discount on its shares, there will be s minimal, immediate impact on earnings per shsre and the effect on net tangible assets will be neutral.

John Brown, managing director of Peachey says the deal is a "very exciting one" and offers pleniy of scope for rising renial income and capital values. Fnr just over £28m, it gives the company a portfolio valued hy Keith Cardale Groves at £32.5m. Current rental income from the properties is £2.06m and current rental value is put at £2.58m, wilh the prospect of early increases from rent reviews. The group's total net rent roll will rise to over £10m.

Brown also disclosed yesterday that Peachey expects pretax profits for the year ending in June to reach about £10m, significantly higher than most City expectations. Final dividend is likely to be 5p a share, making 8p for the year against 7p last time.

As for the properties, wbich bring an initial yield of just over 7 per cent—set to rise to 8 per cent by next June—there are 18 Investments in all, with 92 per cent by value in tbe southern half of the country. Lloyds wanted to sell a few more hut Peachey was not interested. According to Brown: "I have bought what I wanted. The transaction does not include some of the rubhish which often gets mixed up in the packages we have been offered." Even so, there may be nne or two properties which Peachey will eventually dispose of.

The three largest properties, a 69,000 sq ft office huilding at Basingstoke occupied by the Property Services Agency and with a rent review imminent, a shop and office Investment in Walford and the Anglesea shopping centre at Gravesend are collectively valued at £18m. Peachey intends to refurbish tbe Gravesend complex.

Within the property portfolio acquired, there are 98 shops, one supermsrket and several relail centres. In addition, there are 14 Lloyds branches and eight office buildings. Lloyds accounts for about 25 per cent of the total rent roll and has not negotialed any special terms with Peachey. On the contrary, some of the premises are being brought onto shorter review palterns.

In capital terms, the new portfolio is split 56 per cent retail with the balance in offices. The propertles are located in centres like Guildford, Horley, Eastleigh and Warminster and there are a few further north.

As for Peachey's overall property holdings, the latest acquisions means that ahops will now account for 46 per cent of properties owned, the office content will rise to 38 per cent and industrials will decline to 13 per cent. Residential property investments, once the mainstay of Peachey's investment portfolio, are now tiny.

Brown says the purcbase, which has taken almost exactly four months to negotiate and was apparenlly done without other serious purchasers hreathing down Peachey's neck, hands the company an excellent opportunity to continue Its transition from a residential property company to a commercial development and investment group.

Looking ahead, Peachey's trading profits sre sel to fall ss the besvy programme of residential disposals fades out but the reduction will be compensaled for by a rise In rental income, aupplemented by the latest acquisition. The improvement programme on the Carnaby Estate in psrticular promises to mske a big contrihution to income and capital growth over the years ahead.

For the time being, Peachey now has enougb to be going on with but it would be surprising if, before too long, its management team gets ready to grasp the next rung on the big league ladder.

Anker takes a hard look around London

Expatriate British developer Peter Anker may be ready to lead a new and powerful force across the Atlantic on to the London property market following the success of bis Beaver House office scheme in the City.

Royal Bank of Canada has confirmed that it will take most of the 200,000 sq ft (net) of offices heing developed on the site of the former fur trade huilding above Mansion House tube station off Queen Victoria Street. Two linked buildings will become the new beadquarters for the European, Middle East and African operations of RBC, which is the fourth largest hank In North America.

Orion Royal Bank, its merchant banking subsidiary, will also move Into the scheme when it is completed In 1987 and the same options may be open for Kitkat Aitken, the brokers into which RBC is buying.

The £40m scheme was jointly funded hy Royal Bank of Canada and Toronto-hased Markeborough Properties, a subsidiary of the Hudson's Bay Company which owned Beaver House. Markborough, built up by Anker in his six years as chief executive, to hold assets of over C$1.6bn (£940m) intends to hold on to its share of tbe development. Now, it seems, the company has been encouraged to discuss further development opportunities under the noses of British developers and investors.

This could lead tothe first direct involvement by a major North American developer in prime London offices, after a loog history of the Britsh travelling in the opposite direction (although another Canadian company, Olympia and York, controls the major UK developer English Property Corporation).

Anker was an early part of the transatlantic movement hmself, setting up a Canadian arm for MEPC in 1956 before returning to the UK in the 1970s boom years to run the parent company. He went back to Canada in 1976

In the couple of years he has spent visiting Britain to set up the Beaver House scheme he has had chance to get the feel of the UK marke again, and obviously believes there could he further opportunities "n the first instance in the London area" for development.

Anker points out that, from a North American point of view, the pound has now stsbilised and a lot of the traditional U.S. markets are nverhuilt.

"I sense that UK institutions are nervous about investing in property at the moment. Anything over £25m is suspect." In the U.S., however, nvestors were laying out anything up to $300m for buildings, so there might come a time when a North American insttiuton would pick up a hig British scheme.

DAVID LAWSON

No nerves for Norwich Union

SOMEONE really ought to tell Norwich Union that institutional investment in commercial property Is supposed to be highly unfashionable.

Not content with earmarking £75m this week to fund London & Metropolitan's Ropemaker Street scheme, its largest-ever single property investment, the group is — for the first time — joining forces with tbe Prudential to carry out a £60m redevelopment scheme in Ilford town centre.

While faint-hearted funds continue to shy away from new property investment, Norwich Union shows no such nerves and this year is understood to have £200m to invest in the market, around twice as much as it bas ever allocated before.

The group already ranks among the biggest UK investors in property, coming in behind the Prudential, Legsl & General and Land Securities. Its UK investment portfolio is now valued at around £1.5bn, a figure which rises to about £1.75bn when its overseas property interests are taken inio accoum. Its mosi valuahle foreign property assets are in Sydney and it has recently stepped up development activity in France.

In the UK, the two latest mammoih projecis follow Norwich Union's £50m commitment in Basildon, where it is developing a second phase of the Eastgate Centre, to provide a 200,000 sq ft store, 250,000 sq ft of other retail space and about 100,000 sq ft of offices.

At Ilford, hadly in need of modern shopping facilities, the joint venture with the Pru is thought to entail around 350,000 sq ft net of retail space on three levels, including a 120,000 sq ft department store and 80 other shop units. A planning application has just been submitted to Redbridge borough council.

As for Ropemaker Street, the 370,000 sq ft (255,000 sq ft net) office development pnt together by tbe London Edinburgh Trust and Balfour Beatty partnership, Norwich Union thinks it is on to a winner and is happy to fund the entire project, in return for which it has to give away a single-figure share of the equity.

Martin Olley, the group's chief estates manager, says there were no qualms about making such a major commitment and he would not have heen interested in the consortium-funding formula which London & Edinhurgh has used on other major schemes: "You can end up with a little bit of the profit and a lot of hassle," he adds.

Olley says that the big increase in investment funds allocated to property is more a reflection of specific and potentially highly rewarding opportunities which have arisen than of any fresh enthusiasm for property investment overall. He points out, however, that the portfolio has yielded an average 10 per cent-plus over the last five- and ten-year periods although equities may have made all the running recently, property has to be seen on a longer-term hasis.

For those funds seeking encouragement to get hack into property, Hillier Parker tries to help this week with news that commercial rental values have, since last November, grown at the fastest rate for four years. According to the agents, they rose at an average, annual rate of 8 per cent in the six months up until this May, compared with just over 6 per cent in the previous six months. Rents have been steadily rising since 1982 although the recovery has been very patchy and largely confined to tha south.

But when inflation is taken into account—and property is supposed to provide that all-important hedge—rents overall actually fell for the first time in over a year, by 1.3 per cent. The fall was due mainly to the recent npsurge in the inflation rate. As a result, industrial rents suffered their biggest real drop for several years and currently stand just above the level recorded 20 years ago.

Even so, the overall trend is more encouraging and Phillips & Drew Fund Management for one now reckons there is growing evidence that the decline in the popularity of property could soon be over, with the cycle poised to swing the nther way and a period of more encouraging returns around the corner. Nnrwich Union will drink to that.

● Centros Real Estate Boston, a subsidiary of Centros Properties, has purchased 176 Federal Street, Boston, U.S., and will project manage a refurbishment programme which will increase the property from 65,000 sq ft to 80,000 sq ft. Centros is talking to potential financial partners and tenants and hopes to achieve $32 a sq ft.

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Company Notices

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S.G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of US$900,000 have been drawn for the redemption instalment due 1st July, 1985.

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3047	3049	3096 to 3098	3100	3146 3147
3253 to 3255	3257 3258	3311 to 3373	3590 3591	3597
3600 to 3602	3607	3609 to 3621	3626 to 3627	3643
3647 3648	3650	3653 to 3692	3696 to 3800	3821 to 3841
3857 3858	3860 to 3866	3869 to 3875	4002	4004 to 4015
4032	4041 4042	4045 4046	6322 to 6348	6369 to 6374
6402 6403	6421	6472 6473	6507 to 6512	6555 to 6557
6562 6563	6569 to 6600	6603 to 6612	6616	6622
6624 to 6627	6629 to 6631	6633 to 6660	6664	6674
6676 to 6687	6694 to 6696	6698	6710 to 6716	6728 6729
6741 to 6747	6763 to 6765	6771	6778 to 6779	6781 to 6784
6802 to 6806	6813 to 6815	6817 6818	6823 to 6827	6838 to 6845
6868	6871 6872	6967 to 6971	6978 to 6980	7010 to 7031
7200 to 7202	7238 7239	7426	7431 to 7433	7437
7474 to 7479	7487	7490 7491	7517 to 7522	7562 to 7566
6724 9726	8766	9107 to 9111	9123 to 9137	9181 9182
9246	9271 to 9300	9329 to 9337	9367 9368	9387
9404 to 9408	9419 to 9421	9434	9443 to 9445	9449 9450
9493	9545 to 9548	9564 to 9568	9613	9617 to 9622
9662	9748 to 9761	9754 to 9761	9776 9777	9780 to 9784
9813	9829 to 9835	9861 to 9862	9864 9865	9867
9898	9979	10071 to 10076	10139	10146
10216 to 10218	10220 to 10228	10232 to 10236	10239 10240	10243 to 10250
10296	10317 to 10331	10333 to 10335	10345	10347
10362	10366	10359 10360	10362	10367 to 10379
10390 to 10399	10401 to 10413	10416 to 10419	10423 to 10426	10431 to 10442
10445	10487 to 10459	10474 to 10484	10533	10626 to 10629
10638	10643 10644	10661 to 10680	10716 10716	10719
10876 to 10886	10893 10894	10980 to 11004		

On 1st July, 1985 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

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33, King William Street, London, EC4R 9AS,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st July, 1985 and Bonds so presented for payment must have attached all coupons maturing after that date.

US$900,000 nominal amount of Bonds will remain outstanding after 1st July, 1985.

The following Bonds drawn for redemption have not yet been presented for payment:—

1st July, 1984
4276 4439 4447 4610 4628 to 4630 5052 5255 5387 to 5389
5391 5392 5400 5416 5418 5460 5471 to 5473 6586
5577 to 5583 5609 5633 5699 5788 5869

1st July, 1983
812 848 849 1096 1253 1254 12806 12887

1st July, 1982
14933 to 14936 14946 14947

1st July, 1981
2500

33, King William Street, London, EC4R 9AS — 31st May, 1985

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PAYMENT OF COUPON NO. 92

With reference to the Company's interim report and dividend notice advertised in the press on 7th May 1985, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 28th May 1985.

Payment will be made against coupon no. 92 on or after 2nd July, 1985 in U.K. currency at the Securities Department of Hill Samuel & Co. Limited, 4E Beech Street, London EC2P 2LX, or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the Securities Department of Hill Samuel & Co. Limited unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions are made the net amount of the dividend is as follows:—

	South African Currency per share Cents	U.K. Currency Equivalent per share Pence
Amount of dividend declared	85.00	33.85794
Less: South African non-resident Shareholders' tax at 15%	12.75	5.07869
	72.25	28.77925
Less: U.K. Income tax at 15%		5.07869
		23.70056

Secretaries of the Company in the United Kingdom
Charter Consolidated P.L.C.
40 Holborn Viaduct
London EC1P 1AJ
31st May 1985

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:
Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

THE RIO TINTO-ZINC CORPORATION PLC

NOTICE

To holders of Warrants to Bearer

ORDINARY SHARES OF 25P EACH

NOTICE IS HEREBY GIVEN that a Final dividend of 13.5p per Share will be paid on the 1st July 1985 in respect of the year ended 31st December, 1984. Payment of this dividend will be made after presentation of Coupon No. 61 at any of the undermentioned offices of payment

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN that a dividend of 1.75p per Share will be paid on the 1st July, 1985 in respect of the half-year ending 30th June, 1985. Payment of this dividend will be made after presentation of Coupon No. 46 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The Rio Tinto-Zinc Corporation PLC, (Registered Office), 6 St. James's Square, London SW1Y 4LD.
L'Européenne de Banque, 21 Rue Laffitte, 75428 Paris, France.
Société Générale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium.
Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg.
Union Bank of Switzerland, Bahnhofstrasse 45, CH8021 Zurich, Switzerland.
The Rio Tinto-Zinc Corporation PLC, (Transfer Office), Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT.
Banque Bruxelles Lambert S.A., 24 Avenue Marnix, 1050 Brussels, Belgium.
Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.
Société de Banque Suisse, CH4002 Basle, Switzerland.
Credit Suisse, Secretariat 2, P.O. Box 8021, Zurich, Switzerland.

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom tax and for Shareholders resident in the United Kingdom, will carry a tax credit calculated by reference to the basic rate of income tax applicable at the date of payment. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom tax may fall to be offset.

Coupons which must be listed on special forms, which can be obtained on or after Tuesday, 28th May, 1985 at any of the above offices, may be deposited on or after Monday, 3rd June, 1985. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association provision is made for the forfeiture of the above dividends if not claimed within 12 years from the date of declaration.

By Order of the Board,
F. S. WIGLEY
Secretary

6 St. James's Square, London SW1Y 4LD
30th May, 1985

MELLON BANK N.A.

US$250,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE NOVEMBER 1996

Notice is hereby given that for the period May 31st 1985 to August 30th 1985 the notes will carry an interest rate of 8% p.a. Interest payable on August 30th 1985 will be US$1,011.11 per US$50,000 note.

CHEMICAL BANK
as Agent Bank

CREDIT FONCIER DE FRANCE

ECU 50 000 000—TF—1983/1993

Bondholders are hereby informed that the rate applicable for the tenth interest period has been fixed at 9¹⁄₁₆%.

Coupon No. 10 will be payable as from August 28, 1985 at the price of ECU 247.57 equivalent to an interest of 92 days, covering the period from May 28, 1985 to August 27, 1985 inclusive.

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

Money Market Cheque Account Jersey

Gross Rate	Compounded Annual Rate
12.05	12.74

(Minimum balance £2500)
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BANK OF SCOTLAND (incorporated in Edinburgh, 1695)

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half yearly debenture interest of 10% per annum will be paid on 30th June, 1985 to debenture stockholders whose names appear on the register of debenture stockholders at the close of business at 4.30 p.m. on 19th June, 1985.

By order of the Board
MAK HING KWAI
LIM JIT CHEW
Secretaries

Ladang Pinji, Lahat, Perak, Malaysia
31st May, 1985

EVERARDS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that, in preparation for the payment of the half-yearly dividend on 30th June 1985, the transfer books of the 3% Cumulative Preference shares of the above named company will be closed on 14th June 1985.

By order of the Board
P. L. WILFORD
Secretary

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Legal Notices

NOTICE TO CREDITORS TO SEND CLAIMS

THE COMPANIES ACTS 1948-1981

J. COPSEY & SONS

NOTICE IS HEREBY GIVEN that the Creditors of the abovenamed Company are required on or before the 31st day of July 1985 to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to Patrick Granville White, of Booth White & Co., 2 Nelson Street, Southend-on-Sea, Essex SS1 1EF the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 24th day of May 1985.

P. G. WHITE, Liquidator
WILLIAM GOULD
Chartered Accountant
Attested for Gazette.

Personal

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LUMLEY CAZALET, 24 Davies St., W1. 01-499 5058. JESSICA GWYNNE—Paintings, Drawings and Etchings. Until 7-7-?

PARKIN GALLERY, 11 Motcomb Street, London SW1. Tel: 01-235 8144. CECIL BEATON and FRIENDS.

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UK NEWS

Living standards of high-paid rise faster than for low earners

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

LIVING STANDARDS of the better paid rose by about 18 per cent during the six years after April 1978, compared with a rise of only 2 to 5 per cent for the lower paid, according to Treasury calculations.

The figures are based on take-home pay after tax, national insurance contributions and child benefits, and are adjusted for inflation. But the information, given in a parliamentary reply, takes no account of means-tested benefits paid to some poorer families.

The figures show that the take-home pay of a single man at the line marking the lowest 10 per cent in the wages scale (lowest decile) was paid £39 a week in April 1978, which rose by 83 per cent to £72 a week by April last year.

Almost all of this rise was wiped out by inflation during the period, so that in real terms the single man was only 1.8 per cent better off.

A married man with four children at the bottom decile did slightly better. His take-home pay rose by 90 per cent during the period to £105 a week. But in real terms, the Treasury calculates, this was only 5.5 per cent.

By contrast, a single man at the highest decile (the dividing line for the top 10 per cent in the earnings league) enjoyed a 113 per cent rise in his take-home pay during the period, which represented 18.4 per cent in real terms.

The rise for a married man with four children at the upper decile was about the same in percentage terms.

Those in the middle of the earnings league gained a real rise in living standards of about 9 per cent during the period.

Part of the explanation for the relatively better rises for the richer workers is that the top rates of income tax were sharply reduced by Sir Geoffrey Howe, then Chancellor of the Exchequer, in his first budget in 1979. As a result, their living standards jumped by about 7 per cent between April 1978 and April 1980.

Since then, in spite of a pause in 1981-1982, the rich have become steadily richer under the Conservative Government.

Between April 1982 and April 1984, for example, a single man at the top decile gained 9.8 per cent in real take-home pay.

The living standards of single men at the lowest decile have started to recover after an earlier decline, but the gain in the two years to April 1984 was only 6.2 per cent in real terms.

Although the Government has frequently argued that increases in real wages have been one of the causes of high unemployment and that lower pay is needed to price people back into jobs, the figures show that real take-home pay of the poorest single workers fell by nearly 8 per cent in the three years to April 1982. This was the period at which unemployment was increasing most rapidly.

Labour favours car import controls

BY LORNE BARLING

THE LABOUR Party yesterday outlined plans to impose tight controls on car imports into the UK if it is returned to power at the next general election.

Mr John Smith, trade and industry spokesman, said Britain would be entirely justified in limiting imports to around 45 per cent of domestic sales, against the present level of 57 per cent.

Speaking in Birmingham at the launch of a Labour consultative document on the motor industry, he said that multinationals such as General Motors were "behaving irresponsibly" in relation to the UK economy.

The British content of GM cars sold in the home market was only 22 per cent, he said. "We will tell them this is not acceptable, and as a back up, make use of import controls. The problem of imports from Spain also needs to be dealt with," he said.

He believed such measures would allow a 50 per cent increase car output by BL the state-owned group, and the company would have full financial support from the Government. It was vital for BL to retain its engine building capability, and to collaborate only on equal terms with Honda.

The suggestion that Honda cars could be produced with the excess capacity at Longbridge (Birmingham) and Cowley (Oxford), had been discussed with unions, and there was some sense in the idea, he said.

Although no policy had yet been defined on Jaguar Cars, recently floated on the London stock market, Mr Smith said he would like to see a government stake in the company, assisting in its development of new models.

The document, Labour and the Motor Industry, was the first of a series of studies which will form the basis of Labour's industrial policy should it come to power.

It suggests that "the British motor industry can rebuild its output and establish a secure role in the whole manufacturing process from design to assembly." With nearly 700,000 jobs directly dependant upon the industry, and exports valued at about £4bn a year, it was too important to ignore in favour of the "sunrise industries" favoured by the Conservatives.

Continental Can plans increased plant capacity

BY ANDREW TAYLOR

CONTINENTAL CAN (UK) plans to invest a further £6m in its can-making plant at Wrexham, North Wales, to provide more capacity to supply the fast growing British market for canned beer and soft drinks.

The subsidiary of Continental Can of the U.S. has already invested around £25m in the plant, which began operations in 1980 and was the company's first major UK venture after the end of its licensing agreement with Metal Box.

The new investment will provide a fourth can-making line in Wrexham. This is due to start up in the first half of next year and be in full operation early in 1987.

The plant at present employs 230 people, with more expected to result from the new investment, said Mr Paul Knocker, marketing director in the UK. He declined, at this stage, however, to say how many more jobs would be created.

He said the UK market for beer and soft drink cans totalled 3.5bn cans last year, a rise of 9 per cent on 1983. "We expect to see a very healthy growth rate sustained." The market could be faced with a shortage of cans in a few years time, he added.

The market for packaged take-home beer was one in which Continental Can believed that breweries would achieve profitable growth over the next few years.

"It is a tremendously competitive market, a tough battle ground, probably the most competitive in the world," Mr Knocker said. Continental Can, whose U.S. parent has annual turnover of more than $3bn, is rivalled in the UK market by Metal Box and three U.S. companies, American Can, National Can, and Crown.

Record prices fetched by d'Yquem vintages

BY EDMUND PENNING-ROWSELL

AN UNPRECEDENTED sale of no fewer than 80 vintages of Château d'Yquem – 18 of them from the 19th century – brought some record prices at Christie's in London yesterday.

Consisting of a collection bought entirely at Christie's and Sotheby's wine sales from May 1976 onwards, and stored in a cellar in Buckinghamshire, southern England, since purchase, the sale included bottles of every well-known and many little-known vintages of this top Sauternes property.

Unless indicated all the following prices paid were for single bottles: 1858 (£460); 1861 (£560); 1865 (£620); 1868 (£340); 1869 (£560); 1871 (£400); 1874 (£400); 1878 (£520); 1887 (£350); 1893 (£400); 1900 (£500); 1904 (£460); 1921 (£390 – two bottles); 1924 (£250); 1928 (£200); 1929 (£380 – two bottles); 1937 (£480 – two bottles); 1945 (£390 – two bottles) and 1967 (£350 – magnum). Many of the lots were bought on American account and the total was £27,285.

Otherwise the sensation of the sale was the £9,500 a case paid for the very rare Pétrus 1961 – £2,000 above the estimate. The last time a complete dozen bottles appeared in the saleroom was in 1976 when one was sold at Sotheby's for £420. Also yesterday, five bottles of Pétrus 1947 brought £3,000 and a single bottle £620.

Other top prices included £420 for a bottle of Lafite 1887, a mid-phylloxera-plague vintage, £520 for a bottle of Mouton-Rothschild and £2,100 for four bottles of the same château's 1924.

NOTICE OF MANDATORY REDEMPTION

SWISS ALUMINIUM AUSTRALIA LIMITED

US$35,000,000 8 per cent Guaranteed Bonds 1987

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Deed dated 15th June, 1972 between Swiss Aluminium Australia Limited, Swiss Aluminium Limited and Rothschild Trust Company Limited, as Trustee, that US$3,500,000 nominel amount of Bonds is due for mandatory redemption on 1st July, 1985. In compliance with Clauses 3 and 4 of the Terms and Conditions of the Bonds, US$1.534,000 principal amount has been purchased by the Company and credited against the amount due for redemption.

THE SERIAL NUMBERS OF THE BONDS DRAWN FOR REDEMPTION REPRESENTING US$1,966,000 PRINCIPAL AMOUNT ARE AS FOLLOWS:—

44	2374	4291	4839	5440	5927	7026	8654	10524	14844	22889	24166	25683	29188	29634	30006	30708	31824	32691
52	2375	4292	4852	5448	5931	7031	8721	10550	14845	22890	24168	25690	29189	29635	30008	30710	31829	32692
53	2406	4301	4856	5449	5936	7032	8727	10556	14851	22891	24170	26504	29194	29636	30085	30714	31837	32694
82	2409	4305	4862	5475	5939	7037	8733	10559	14852	22892	24172	28166	29197	29644	30136	30718	31838	32697
294	2410	4306	4883	5476	5942	7038	8736	10564	14875	22893	24174	28169	29199	29649	30140	30719	31839	32700
323	2417	4310	4909	5477	5946	7055	8743	10861	14876	22894	24179	28173	29200	29650	30144	30720	31846	32720
341	2418	4321	4911	5484	5959	7056	8749	10882	14989	22895	24180	28174	29207	29654	30146	30724	31851	32725
349	2419	4326	4912	5488	5960	7066	6760	10941	15010	22896	24184	28177	29209	29664	30149	30725	31863	32732
363	2424	4327	4917	5493	5963	7069	8761	10976	15073	22897	24186	28179	29214	29670	30153	30728	31870	32738
411	2430	4331	4923	5496	5966	7070	8794	10990	15183	22898	24189	28184	29216	29673	30156	30730	31877	32748
412	2440	4332	4926	5500	5969	7074	8818	11066	15263	22899	24192	28185	29219	29680	30158	30733	31884	32756
415	2443	4351	4937	5501	5970	7078	8859	11080	15300	22900	24194	28189	29220	29685	30164	30736	31892	32761
433	2447	4357	4941	5510	5972	7081	8871	11096	15311	22901	24196	28195	29223	29711	30169	30738	31893	32773
440	2453	4360	4942	5513	5978	7086	8876	11131	15317	22902	24198	28197	29227	29714	30173	30740	31896	32800
583	2482	4364	4971	5517	5983	7098	8877	11132	15324	22903	24199	28199	29240	29725	30178	30746	31900	32821
645	2483	4365	4972	5529	5988	7099	8884	11223	15342	22979	24200	28204	29248	29730	30183	30748	31903	32850
646	2492	4368	4979	5537	5993	7104	8887	11237	15446	22980	24204	28207	29250	29735	30186	30749	31907	32950
647	2500	4371	4980	5543	5994	7108	8893	11248	15451	22981	24207	28210	29253	29737	30190	30752	31910	32961
663	2503	4379	4987	5548	6000	7149	8899	11341	15467	23341	24209	28221	29256	29740	30192	30756	31912	32974
668	2507	4380	4988	5551	6001	7150	8902	11842	15473	23342	24211	28227	29257	29745	30199	30764	31916	32990
685	2509	4383	4993	5557	6007	7156	8908	11882	15480	23343	24215	28229	29259	29753	30200	30766	31918	32994
704	2516	4384	5000	5558	6018	7160	8913	11896	15481	23344	24219	28231	29263	29758	30204	30769	31934	33000
759	2520	4385	5003	5563	6019	7163	8917	11925	15497	23345	24225	28233	29264	29763	30205	30774	31941	33010
791	2552	4402	5009	5567	6024	7166	8953	11930	15513	23346	24227	28237	29268	29765	30207	30776	31942	33013
792	2597	4407	5017	5571	6028	7171	8961	11949	15517	23347	24229	28239	29268	29767	30216	30779	31946	33020
854	2655	4410	5023	5572	6047	7172	8962	12067	15531	23348	24230	28243	29273	29770	30239	30800	31950	33056
865	2711	4414	5026	5576	6057	7238	9000	12073	15538	23349	24233	28247	29278	29774	30244	30806	31953	33060
907	2716	4415	5027	5580	6063	7241	9001	12091	15544	23350	24237	28249	29284	29778	30247	30810	31957	33062
979	2727	4426	5030	5582	6064	7246	9027	12111	15554	23351	24239	28253	29285	29783	30281	30814	31960	33116
999	2734	4429	5037	5589	6097	7253	9035	12212	15563	23352	24245	28254	29286	29789	30295	30824	31963	33124
1000	2752	4430	5038	5590	6115	7258	9036	12237	15580	23354	24248	28257	29288	29794	30299	30826	31968	33128
1022	2758	4437	5075	5593	6120	7301	9043	12246	15587	23356	24249	28258	29289	29799	30300	30829	31974	33136
1025	2761	4438	5079	5594	6121	7305	9045	12258	15601	23358	24254	28259	29290	29800	30306	30834	31980	33140
1026	2780	4439	5082	5600	6127	7309	9054	12301	15616	23359	24259	28264	29294	29811	30310	30836	31981	33145
1033	3022	4443	5087	5605	8128	7311	9065	12307	15617	23360	24264	28265	29296	29814	30318	30842	31999	33150
1161	3034	4444	5091	5610	6133	7315	9066	12316	15623	23362	24268	28274	29299	29817	30320	30850	32003	33156
1162	3074	4451	5100	5611	6138	7336	9080	12325	15628	23364	24270	28279	29304	29819	30325	30855	32006	33157
1227	3077	4454	5109	5617	6144	7337	9101	12351	15633	23366	24272	28283	29311	29823	30333	31151	32009	33160
1231	3083	4456	5112	5619	6170	7342	9126	12387	15645	23387	24278	28287	29315	29824	30338	31158	32011	33170
1233	3099	4459	5113	5620	6176	7346	9127	12383	15930	23368	24279	28291	29317	29834	30340	31163	32012	33181
1234	3124	4460	5119	5628	6177	7350	9131	12405	15938	23369	24283	28293	29324	29837	30344	31168	32040	33189
1350	3130	4467	5125	5631	6183	7351	9134	12409	16012	23370	24285	28296	29326	29840	30456	31188	32041	33190
1351	3135	4469	5128	5632	6187	7366	9168	12413	16019	23372	24287	28297	29328	29844	30458	31253	32047	33209
1367	3249	4470	5127	5642	6188	7367	9171	12419	16029	23374	24290	28299	29329	29846	30460	31265	32050	33211
1448	3286	4472	5130	5653	6238	7370	9179	12436	16047	23375	24342	28300	29330	29847	30463	31268	32059	33220
1452	3291	4478	5134	5654	6239	7375	9180	12460	16050	23376	24349	28301	29339	29850	30486	31271	32060	33240
1453	3292	4479	5138	5660	6247	7376	9206	12461	16126	23379	24352	28303	29344	29853	30467	31274	32064	33246
1495	3300	4480	5141	5664	6256	7458	9213	12486	16127	23382	24354	28307	29346	29856	30469	31280	32067	33256
1517	3344	4485	5152	5665	6257	7482	9228	12915	16194	23384	24400	28309	29349	29857	30474	31281	32074	33260
1522	3418	4512	5153	5671	6263	7626	9233	12937	16195	23385	24691	28312	29352	29859	30477	31288	32078	33280
1623	3419	4513	5161	5679	6268	7630	9237	12941	17561	23387	24697	28314	29357	29864	30483	31287	82081	33300
1678	3424	4517	5167	5683	6272	7633	9242	12962	17570	23390	24699	28317	29359	29866	30486	31294	32104	33313
1881	3618	4525	5169	5684	6277	7634	9244	12977	17699	23391	24703	28320	29363	29867	30487	31296	32107	33320
1687	3625	4528	5170	5686	6281	7641	9249	12978	17713	23392	24708	28324	29368	29870	30488	31299	32115	33331
1726	3712	4537	5177	5688	6316	7645	9253	12989	18091	23394	24710	28330	29369	29873	30489	31301	32121	33347
1731	3766	4538	5178	5689	6317	7747	9256	13012	18100	23395	24712	28335	29374	29874	30490	31332	32130	33350
1732	3776	4546	5182	5703	6318	7790	9262	13018	18261	23397	24720	28337	29378	29877	30493	31364	32135	33361
1739	3780	4551	5186	5711	6340	7797	9265	13026	18272	23400	24721	28338	29379	29879	30496	31367	32140	33373
1746	3785	4562	5194	5719	6345	7816	9268	13037	18280	23403	24723	28339	29385	29884	30499	31370	32154	33390
1751	3786	4563	5195	5720	6348	7817	9277	13045	18399	23420	24724	28340	29387	29886	30500	31379	32160	33400
1760	3796	4574	5202	5741	6353	7828	9283	13054	18400	23432	24726	28342	29394	29888	30503	31383	32167	33418
1785	3857	4578	5205	5745	6359	7854	9290	13073	20090	23444	24728	28344	29399	29893	30508	31387	32170	33424
1966	3898	4583	5207	5755	6415	7911	9316	13133	20107	23446	24729	28346	29404	29896	30509	31392	32174	33425
1970	3904	4584	5208	5756	6420	7925	9325	13139	20115	23479	24734	28349	29408	29899	30510	31393	32191	33428
2084	3905	4589	5213	5761	6438	7926	9620	13152	20123	23490	24736	28354	29409	29904	30512	31394	32201	33430
2089	3926	4590	5216	5764	6435	7944	9621	13205	20124	23533	24739	28359	29413	29906	30514	31435	32224	33431
2090	3931	4599	5220	5769	6436	7947	9742	13275	20378	23539	24742	28364	29415	29908	30518	31438	32236	33433
2096	3960	4600	5228	5770	6437	7953	9743	13351	20379	23540	24744	28370	29418	29909	30520	31462	32240	33436
2106	3971	4627	5231	5781	6500	7982	9813	13360	20390	23741	24756	28374	29419	29913	30523	31469	32278	33438
2150	4017	4628	5232	5782	6501	8050	9818	13406	20420	23745	24757	28379	29423	29917	30526	31481	32296	33440
2156	4023	4631	5240	5788	6506	8111	9873	13426	20421	23747	24758	28427	29428	29919	30528	31500	32327	33442
2161	4029	4633	5246	5793	6509	8117	9874	13734	20423	23749	24759	28430	29433	29923	30534	31523	32336	33448
2162	4132	4640	5251	5798	6512	8121	9891	13740	20425	23750	24760	28436	29437	29926	30536	31527	32340	33454
2166	4137	4641	5252	5801	6513	8124	9896	13754	20426	23753	24763	28619	29439	29928	30539	31531	32341	34828
3177	4138	4647	5253	5805	6519	8129	9899	13764	20429	23757	24766	28627	29443	29929	30546	31601	32355	34830
2195	4140	4652	5259	5806	6527	8130	9905	13785	20431	23764	24779	29101	29446	29933	30574	31611	32386	34867
2196	4151	4657	5263	5812	6528	8137	9914	13794	20433	23782	24800	29104	29448	29936	30580	31616	32390	34869
2214	4158	4661	5267	5816	6531	8142	9948	13820	20455	23794	24807	29115	29450	29938	30586	31624	32400	34871
2219	4159	4669	5271	5818	6534	8143	9957	14119	21047	24101	24809	29119	29453	29940	30589	31632	32411	34875
2222	4163	4670	5274	5821	6540	8151	9977	14202	21049	24103	24839	29123	29456	29943	30600	31641	32414	34878
2227	4169	4678	6281	5824	6541	8156	9978	14217	21061	24104	24840	29127	29458	29946	30608	31642	32418	34892
2228	4170	4682	5282	5830	6542	8160	9984	14229	21446	24107	24842	29129	29459	29948	30631	31650	32427	34900
2229	4179	4694	5292	5837	6556	8203	9990	14236	21452	24110	24846	29130	29463	29949	30634	31701	32430	34913
2233	4190	4695	5346	5838	6557	8291	10117	14237	22010	24113	24849	29133	29467	29953	30637	31703	32441	34921
2249	4191	4750	5347	5842	6561	8292	10124	14267	22011	24114	24853	29136	29469	29957	30639	31708	32449	34935
2250	4196	4753	5352	5848	6562	8302	10133	14268	22013	24116	24857	29137	29473	29959	30674	31713	32450	34946
2258	4200	4754	5357	5851	6587	8306	10183	14360	22020	24119	24864	29140	29499	29963	30676	31714	32458	34951
2283	4201	4759	5361	5852	6589	8311	10184	14366	22021	24123	24867	29143	29563	29967	30677	31717	32465	34959
2290	4207	4760	5362	5856	6590	8312	10392	14374	22039	24130	24870	29147	29570	29968	30678	31721	32470	34973
2297	4211	4761	5380	5859	6595	8347	10401	14388	22040	24132	24874	29149	29575	29969	30679	31726	32481	34981
2298	4212	4770	5388	5863	6616	8365	10402	14526	22148	24134	24891	29150	29580	29974	30680	31738	32490	34984
2301	4213	4779	6389	5864	6617	8373	10419	14533	22149	24147	24897	29152	29585	29978	30682	31744	32521	34989
2302	4225	4783	5393	5876	6651	8382	10427	14541	22150	24148	24900	29157	29586	29979	30683	31745	32525	34996
2312	4229	4784	5394	5879	6654	8444	10447	14555	22382	24149	24903	29160	29594	29984	30684	31748	32530	35000
2322	4230	4790	5398	5887	6697	8445	10461	14556	22390	24150	24905	29164	29600	29986	30686	31761	32536	
2324	4233	4793	5402	5888	6897	8578	10466	14575	22741	24152	24913	29167	29610	29988	30687	31763	32581	
2328	4239	4797	5403	5892	6900	8579	10471	14632	22742	24154	24917	29174	29613	29989	30688	31768	32600	
2331	4247	4800	5410	5896	6904	8601	10475	14633	22882	24156	24924	29175	29617	29990	30689	31784	32613	
2332	4260	4803	5413	5897	6905	8607	10486	14645	22883	24157	24931	29176	29619	29993	30690	31801	32635	
2337	4261	4811	5417	5903	6948	8611	10487	14655	22884	24158	25024	29177	29620	29996	30694	31802	32651	
2341	4267	4817	5422	5909	6949	8629	10500	14719	22885	24159	25039	29179	29622	29998	30696	31811	32656	
2348	4270	4823	5423	5912	6961	8669	10509	14732	22886	24160	25040	29180	29624	29999	30698	31814	32665	
2349	4278	4827	5436	5917	6999	8670	10512	14823	22887	24182	25812	29183	29627	30000	30699	31816	32676	
2350	4285	4838	5437	5926	7000	8674	10523	14830	22888	24164	25678	29187	29629	30003	30704	31821	32680	

The Bonds drawn for redemption on 1st July, 1985 will become due and payable on that date, togather with accrued interest to 1st July, 1985. On and after 1st July, 1985, interest on the Bonds to be redeemed shall cease to accrue.
Payment of the Bonds to be redeemed will be made on and after 1st July, 1985, upon presentation and surrender of the said Bonds, with unmatured Coupons dated 1st July, 1986 and 1st July, 1987 attached, at the offices of any one of the Paying Agents mentioned thereon.
Interest accrued and unpaid to 1st July, 1985 on the said Bonds will be paid in the usual manner.

ROTHSCHILD TRUST COMPANY LIMITED
Trustee

31st May, 1985

International Pirelli N.V.,

Netherlands Antilles

Notice to the holders of the Warrants under the 6¾ % US $ 40 million Guaranteed Notes with Warrants Due 1988

At the Extraordinary Meeting of the Shareholders of Société Internationala Pirelli S.A. to be held on June 21, 1985, tha Board of Directors will propose to increase the Share capital and to grant one warrant ("option") per Share or Bearer Participation Certificate in order to subscribe one Share for every 10 warrants ("options") held. The subscription price will be at least Sfr. 50.—lower than the market price of the Share at the end of May / beginning of Juna 1985. The warrante ("options") will be exercisable at any time from 10 July 1985 up to and including 20 June 1987.

Shares acquired pursuant to the warrants ("options") shall be antitled to dividands relating to tha business year in which tha warrants ("options") shall have been axercised.

In connection with this transaction, the holdars of the Warrants of the 6¾ % US $ 40 million Gueranteed Notes with Warrants of International Pirelli N.V., Netherlanda Antilles, should note that

a) Exercise of the Warrants to purchase Bearer Participation Certificates with right to the ebove transaction can take place up to and including 12 June 1985.

b) The exercise right of tha Warrants will be suspended starting from 13 June 1985. The naw exercise price will be determined on 1st July 1985, in accordence with the terma of clause III of tha instrument relating to the Warrants and publiahed es soon as possible thereafter. Tha exercise right of the Warrants will cease to be suepended from the date of publication of the new exercise price.

30 May 1985 — **Société Internationale Pirelli S.A.**

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
31	1	2	3	4	5	6

Theatre

NETHERLANDS

Amsterdam, Stalhouderij (Eerste Bloemdwarsstraat 4). A solo double bill from Barbara McEly in French Gray by Josef Bush (Marie Antoinette's meditations on the night before she goes to the guillotine), and Chekhov's No Smoking (Wed and Thur). (26 22 82).

Amsterdam, Bellevue Theatre. Canada shadows, shadow theatre from Vancouver (Wed, Thur). (24 72 48).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern. Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

Music

LONDON

London Symphony Orchestra conducted by Michel de Bock with Dimitrie-Johann Leivici, violin. Beethoven, Sibelius and Tchaikovsky. Barbican Hall (Mon). (638 8891).

Handel Opera Chorus and Orchestra conducted by Charles Farncombe with Elizabeth Vaughan soprano and Ryland Davies, tenor. Arias and choruses. Queen Elizabeth Hall (Tue). (928 3191).

London Symphony Orchestra conducted by Omri Hadari with Andrew Haigh, piano. Rossini, Vaughan Williams, Grieg and Beethoven. Barbican Hall (Tue).

Northern Sinfonia conducted by Richard Hickox with John Lill, piano. Beethoven. Barbican Hall (Wed).

Jacques Loussier trio. Back to play Bach. Royal Festival Hall (Thur).

The King's Consort with Emma Kirkby. Vivaldi, Corelli and Geminiani. Queen Elizabeth Hall (Thur).

London Symphony Orchestra conducted by James Paul with Santiago Rodriguez, piano. Mendelssohn, Beethoven and Tchaikovsky. Barbican Hall (Thur).

PARIS

Jose Carreras Recital (Mon). Théâtre de l'Athenée (742 6727).

Orchestre de Paris Mozart Festival with Daniel Barenboim as conductor and piano soloist (Mon, Wed). Salle Pleyel (561 0630).

Paul Kuentz choir and orchestra: Bach Magnificat (Tue). Saint-Severin Church (583 7480).

Arocea – Choir Festival 1985 (Tue). Salle Pleyel (561 0630).

Gidon Kremer, violin recital (Tue). Théâtre des Champs Elysées (723 4777).

Perspective 2: Ensemble Intercontemporain conducted by Peter Eotvos with Yumi Nara, soprano, Elisabeth Laurence, contralto (Wed, Thur). Centre Pompidou, Grande Salle (280 9427).

Quatuor Arcana, Ensemble Orchestral de Paris soloists: Brahms, Schubert (Thur), Salle Gaveau (563 2030).

WEST GERMANY

Berlin, Philharmonic: The New York Philharmonic Orchestra, conducted by Zubin Mehta. Mahler and Bach (Mon).

The Berlin Philharmonic orchestra conducted by David Zinman. Gluck, Mozart and Dvorak. Soloist is Alfred Brendel (Tue, Wed).

ITALY

Rome: Auditorium Via della Conciliazione: Carlo Maria Giulini conducting Verdi and Beethoven (Mon and Tue). Giuseppe Sinopili conducts Mendelssohn and Schubert (Thur). (654.10.64).

NETHERLANDS

Amsterdam, De Meervaart (Osdorpplein 67). Throat singers and drum dancers perform traditional Inuit music from northern Canada (Mon, Tue). (10 73 93).

Amsterdam, Tropeninstituut (Mauritskade 63). Korean court and folk dance music performed by an ensemble from the National Classical Musical Institute, Seoul (Mon). (92 31 89).

Amsterdam, Kleine Komedie Theatre. Blue's blue and Kantrimiusik by Mauricio Kagel, with the composer conducting the Festival Ensemble with soloists and vocalists (Wed). (24 05 34).

Amsterdam, De IJsbreker (Weesperzijde 23). The Canadian Electronic Ensemble of Toronto (Wed, Thur). (68 18 05).

VIENNA

Baroque Concert with Gundi Klebel, soprano, and Christa Pesendorfer, harpsichord. Bach, Bernhards Kapelle (Tue and Wed).

Leipzig Chamber Orchestra conducted by Kurt Masur with Philipp Eisenberg, harpsichord. Dessau, Bach and Beethoven. Konzerthaus (Wed), with Gidon Kremer, violin, and Yo Yo Ma, Cello. Brahms (Thur).

WASHINGTON

National Symphony (Concert Hall): Conductor, Mstislav Rostropovich; violinist, William Steck: Bach, Brahms, Copland (Tue); conductor Mstislav Rostropovich: Wagner, Mahler (Wed, Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Conductor, Henry Mazur; violinists, Lina Bahn, Ann Kim; Curie High School Concert Chorus directed by Donald Baumgartner: Handel, Bach (Tue, mat, Wed mat); conductor, Henry Mazur; violinist, Thomas Zehetmair: Stravinsky, Mozart, Brahms (Thur). (435 8122).

Opera and Ballet

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet dance a mixed programme from their eight-week repertory. Ends June 15. Lincoln Center (362 6000).

New York City Ballet (New York State Theatre). A new ballet by Jerome Robbins joins Balanchine and Robbins favourites, including A Midsummer Night's Dream, Firebird, La Valse and Apollo, in the company's two-month season. Ends June 23. Lincoln Center (870 5570).

WASHINGTON

Metropolitan Opera (Opera House). The American tour includes repertory performances of Lohengrin, Cosi fan tutte and Simon Boccanegra. Kennedy Center (254 3770).

The Suzuki Company of Toga (Terrace): A hit of the 1984 Olympic arts festival plays Washington. Ends June 2. Kennedy Center (254 9895)

NETHERLANDS

Amsterdam, Stadsschouwburg. The Netherlands Opera in Tosca, directed by Lotfi Mansouri, with the Amsterdam Philharmonic and the Opera Choir under Bohumil Gregor. Martina Arroya as Tosca, Vladimir Popov as Cavaradossi and Henk Smit as Scarpia (Sat and Thur). (24 23 11).

The National Ballet with three works by its resident choreographers. No Man's Land by Rudi van Dantzig (music by Sytze Smit). Three pieces by Hans van Manen (Grazyna Basewicz), and Sanitair Solitair, a new ballet by Toer van Schayk. (Wed in Amsterdam, Stadsschouwburg). (24 23 11), (Thur in Utrecht, Stadsschouwburg). (31 02 41).

VIENNA

Staatsoper (5324/2655): Romeo and Juliet by Prokofiev and Wooliams conducted by Richter with Cech and Birkmeyer; Il Trovatore; Cavalleria Rusticana and Der Bajazzo (matinee); Certha'a Baal.

Volksoper (5324/2657): Millöcker's The Beggar Student conducted by Bibl; Das Land des Lächelns; The Beggar's Opera; La Vie Parisienne; Der Zarewitsch; My Fair Lady.

WEST GERMANY

Hamburg, Staatsoper: Fidelio is steered to triumph by Hildegard Behrens as Leonore. This week's highlight is Turandot with Montserrat Caballe in the title role. Der Fliegende Holländer, produced by Wieland Wagner, has Franz Ferdinand Nentwig and Sophia Larson as leads. (35 11 51).

Frankfurt, Opera: Hoffmanns Erzählungen brings together William Cochran and Elizabeth Parcells. There was much applause for Aida, when it premiered with Awilda Verdejo in the title role. Der Wildschütz has fine interpretations by Ilse Gramatzki and William Workman, La Bohème, sung in Italian, features Ilona Tokody and Peter Keleti. (25 621).

LONDON

Royal Opera, Covent Garden: Cosi fan tutte, an aging and no longer very interesting production, returns with a strong cast (including Margaret Price, Anne Howells, and Francisco Araiza) and Colin Davis as conductor. Further performances of the Bohème revival, with Ana Maria Gonzalez replacing the indisposed Gabriela Benackova as Mimi and Nelly Miricioiu replacing Gonzalez as Musetta; and last showing of the current Samson et Dalila series, one of the strongest and most stylish Royal Opera showings for a long time. (240 1066).

PARIS

Turandot under Michel Plasson's musical direction comes into its own on the world's largest scene in Palais Omnisports. The blend of oriental magic with the fantasy of *commedia dell arte* can be expressed by vast, colourful movements of ensembles – there are 650 artists – and by grandiose scenery imagined by vittorio Rossi. The orchestras and choirs match the display by their quality. Palais Omnisports, Paris Bercy (341 7204, 341 0437).

ITALY

Rome: Teatro dell'Opera: Tannhäuser conducted by Uwe Munde, with scenery and costumes by Pet Halmen. Tannhäuser sung alternately by Ake Ljungholm and Rainer Goldberg. Also in the cast are Walton Groentoos, Eva Randova and Jeanine Altmayer. (46 17 55).

Exhibitions

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but ont fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of tha U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 3.

Art Institute: With 200 of Marc Chagall's works on paper dating from 1907 to 1983, this show from the Centre Pompidou in Paris makes a good study of Chagall the draughtsman. Ends July 7.

TOKYO

Paintings on Folding Screens: Eight masterpieces from 17th and 18th centuries from the museum collection. Okura Shukokan Museum, in front of main building of the Okura Hotel. Ends June 23. Closed Mondays.

Ukiyo-e Woodblock Prints: Part 1 of two-part exhibition of famous woodblock prints depicting the beautiful courtesans of Tokyo's Yoshiwara Pleasure Quarters in smoking scenes of the 17th and 18th century. Artists: Kiyonaga, Utamaro and Eishi. 4th floor of Tobacco and Salt Museum, Shibuya. Until June 9 (Part 2: June 14–July 14). Closed Mondays.

Summer Scenes: 20 works including a special exhibit of the Nichiryu Shonin picture scroll by Tadashi Moriya. Yamatane Museum with its lovely indoor Japanese garden and tearoom. Ends June 23. Closed Mondays.

ITALY

Genoa, Palazzo Della Commenda: Japan – The Avant-Garde of the Future: Antique Kimonos from Kyoto form part of the historical section of a huge exhibition of contemporary Japanese art at various centres in Genoa. The series of early Japanese erotic prints (from the Museo Chiassone) – shown here for the first time in public – form an amusing contrast with Hajime Sorayama's sexy robots (at the Teatro Falcone), which are everywhere in Italy at the moment advertising a well-known make of car. Until mid-June.

Venice, Palazzo Fortuny: Toys for the science-fiction era, showing how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

Rome, Galleria Carlo Virgilio, Via della Lupa 10. Anton Sminck Van Pitloo (1791–1837): 27 landscapes in oil of Naples and surroundings of exceptional quality and charm. Pitloo had left Holland with a Prix de Rome, and after study in Paris and Rome, settled in Naples and taught at tha Accademia Borbonica. He had considerable influence on the development of Neapolitan landscape painting. Several of his works have echoes of Corot and of Turner, both of whom visited Italy during 1828. Ends June 14.

WEST GERMANY

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: "Ornamenta Ecclesiae." To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 600 religious works ranging from 11th to 13th century including illuminated manuscripts and gold artifacts. Ends June 9.

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: 'Ornamenta Ecclesiae.' To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 600 religious works from 11th to 13th century. These are illuminated manuscripts and gold artifacts from museums and collections from all over the world. Ends Jun 9.

Berlin, Gropius Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3500 years of Chinese history. The exhibition in Berlin includes gold, and Jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Frankfurt, Museum für Kunsthandwerk, Schaumainkai 17: The new museum opens with an exhibition of Turkish culture and art from the Osman empire. 500 works are on loan, ranging from 15th-19th century. The show includes glass, carpets, ceramics, miniatures and weapons. Ends June 30.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

NETHERLANDS

Paul Klee at the Commanderie van Sint-Jan Museum in Nijmegen. 60 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.

LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in rendering ladies' rustling dresses and beautiful hats, surrounded by attentive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

Maîtres Impressionnistes et Modernes: Art dealer Daniel Malingue has an exhibition of which Renoir, with 15 paintings, is the glowing star. Yet there are other great names present – Gauguin, Signac, Kandinsky, Chagall being eternally Chagall, an unusually structured black and orange Léger, a Magritte, amazingly sinister. Galerie Daniel Malingue, 26 Ave Matignon. Ends Jun 15.

Cinema/Nigel Andrews

Movies made in small sizes

The Innocent, directed by John Mackenzie
The Chain, directed by Jack Gold
Steaming, directed by Joseph Losey
Old Enough, directed by Marisa Silver
A Private Conversation, directed by Nikita Mikhailov

Vanessa Redgrave and Sarah Miles as Nancy and Sarah in "Steaming"

British Film Year has just launched itself with the slogan, "Cinema—the best place to see a film." Would that it always were! I have just spent ... days chasing down, in cinemas round London, films whose Press shows I missed last week owing to absence in Cannes. It is clear that there is good news and bad news at present for the paying moviegoer. The good news is that cinemas are at last beginning to seem cleaner. Less often does one slide on spilt ices, slalom between dropped lolly-sticks, or find oneself more than figuratively "glued to one's seat" by a carelessly parked piece of chewing gum.

But the bad news is that many new movies being released in British Film Year could just as well be seen on the small screen as on the large. What on earth is the point of cleaning up our cinemas in order to show films that have the impact and production values of TV movies?

The Innocent and *The Chain* are cases in point. Both were made by directors reared in TV, John Mackenzie and Jack Gold respectively, and both are works stamped through with TV style: deeply dependent on dialogue or visually unadventurous and equipped with the kind of take-away themes or messages we can digest between cups of tea in our own living-rooms.

The Innocent is the sadder movie of the two: like a cross between *The Go-Between* and an oop-North Lawrentian soap opera. A young epileptic boy (Andrew Hawley) is on the cusp of puberty in a Yorkshire mill town in the 1930s. He plays message-runner between two adulterers (Miranda Richardson and Liam Neeson). He flirts innocently with his none-too-innocent girlfriend (Kate Foster). And he is alive to Nature—a kingfisher, a river, a sun-lit crag—in a way none of the "healthier" townspeople are.

Written by Ray Jenkins, it's the story of a soul opening up embodied in a movie that never opens up. Mackenzie, who directed *The Long Good Friday* and *The Honorary Consul*, gives the film little sense of place or space and—*surprisingly*—little narrative energy. The town seems populated not with real people but with dimly rhubarbing or susurrant extras. (There are vague stirrings of industrial unrest *outside* t' mill, which come to absolutely nothing). Good actors— Tom Bell, Kika Markham—read their lines in that *style of pained and sotto* fatalism that has marked so many social teledramas since the Wednesday Play era. And visually the film never rises to the exhilaration of the boy's love of Nature, nor does it find expressive means to follow him into his adolescent pains and doubts.

The Chain, written by Jack Rosenthal, has a good comic idea strangled by schematism. We follow seven groups of people *moving* house; each group's story locking into the next, as A moves into B's house, B into C's, etc. Each group, unfortunately, is also *saddled* with having to represent one of the seven deadly sins.

Thus avaricious Nigel Hawthorne insists on unscrewing the door-plates and light-fittings *before* moving from NW3 to W11; slothful Denis Lawson drapes himself round lamp-posts while his wife tugs the tea-chest; Knightsbridge millionaire Leo McKern is wrathful, Holland Park snob Judy Parfitt is proud, and so on.

This fussy allegoric scheme means the comedy seldom flings its thematic fetters aside and bounds into outright hilarity. Best vignettes are those in which Hawthorne and Anna *Massey* enjoy their hammer-and-tongs rows as Mr and Mrs *Avarice*; and in which a resplendently accented Billie Whitelaw and a Greek widow (a sort of Irene Papas translated to Holland Park) curses the picture window her late husband *installed in a vain* bid to remind her of home. "I see no Mediterranean," she doomily intones; "I see Tesco's."

Joseph Losey's last film *Steaming* might have been the *reductio ad absurdum* of small-screen mise-en-scène slapped up on to the large screen. Losey has filmed Nell Dunn's stage play about a *gaggle of ladies* in a bath-house—taking time out of the sex war to thumb their noses at men, marriage and the *municipal* bullies threatening the demolition of their baths—entirely *inside one set*: a giant essay in Art Nouveau ramshackle by designer Maurice Fowler. Vanessa Redgrave, Sarah Miles and Diana Dors are among the steam-girt *Amazons wagging their tongues* and disporting their frequently nude bods.

Despite the confined setting —the only *glimpse* of the outside world is studio rain spattering outside the window—Losey still gives the film room to breathe and to surprise us visually. Jets of steam are as *threatening as in Blade Runner;* the infernal, sopping grandeur of the *place is like Gotterdämmerung* gone to Hackney; and *Losey's* overhead shots of the pool look down aloofly like a God on a group of pixillated Nereids.

It is not a vintage Losey film, but it is much more than a filmed play. And among the performers Sarah Miles has never been better: the saucer mouth, askew with insouciance, the eyes like light-up plums, the gurgling voice seeming to imitate the elemental plumbing in the bath-house.

Does it take a non-British director like Losey to pump a *little* visual *vitality* into the British chamber movie? It is amazing what American directors can do to liven up simple *screenplays. Marisa Silver's Old Enough* is the unassuming tale of two *girls* — one rich and WASP, the other poor and *Catholic — who gad about the* New York streets one summer between *school terms*, taking their first innocent lessons in how to enter the *grown-up* world. They nervously flirt with boys, experiment with shop-lifting and make-up, they debate the *mysteries of religion.*

Sarah Boyd and Rainbow *Harvest* are enchanting as the frog princesses soon to be *transformed*, and *Miss Silver's* screenplay has an easy, delicious momentum. But the kiss of grace is the way she and *cameraman Michael* Ballhaus (ex-Fassbinder collaborator) *have made a visual poem out of* "ordinary" street scenes and interiors. The colours are bright and crisp as in a Hockney *painting*: the *sunlight dances* on faces like a benediction: the glowing images turn the big city into a before-the-fall Garden of Eden.

The visuals do plenty of talking also in the Russian film *A Private Conversation*, Nikita Mikhalkov's single-set duet for a divorced couple meeting again and reopening old wounds. Though heavy with talk, the film advances on stepping stones of visual styles — from muted realism to rampant expressionism — to become a long night's journey into tragedy. Well worth a visit.

Strippers/Phoenix

Michael Coveney

Having failed to shed an excess 15 minutes on a long national tour, Peter Terson's raucous and pertinent Geordie comedy is nonetheless a most welcome addition to the West End list: cries of "Sexist porn" from the Charing Cross Road feminists added to the general First Night cheeriness.

As at the Newcastle premiere last year, the shipyard cranes stand immobile as an ecdysiast in *black* leather lays an expertly insouciant act on an unsuspecting *auditorium*. Returning home from this Sunday treat, the unemployed Bernard, puritanical macho man incarnate ("Don't talk about the strippers in front of the women"), resents his wife's working instincts. From waitress, she graduates to "exotic dancer," giving the old man the fright of his life when she appears before him at a stag night as "Wonderful Wanda" tugging on her teddy bear and slipping out of her underwear.

For all its *incidental fun* and games, the play is really about an attempt at *marriage* renewal by two people forced to examine *each other* in the light of their respective employment: When Bernard and Wendy are seen in bed together, they have his new *status* as *self-employed* fishmonger, as well as hers, to overcome. Both smell different to each other.

"Never in my life have I seen anything like it" is the tremendous second act opening line as Bernard staggers irate around his living room. Aunt Ada (Lyn Douglas) has seen it all and suggests that the North East has been stripped of jobs and money—what are a few clothes off a girl's back? And the strippers' agent, the grotesque Harry, is last seen addressing a Rotarian function as an opportunist success story: he has 83 girls on the books, and he services 200 clubs.

The community is based in the Walker district, with Harry spreading his tenseles like an obscene second-hand car salesman. *Bill Maynard* plays his role with great blubbering squint-eyed gusto, delivering a tatty music hall routine that would make *Les Dawson* blush or at least unbutton his waistcoat. This world of "wanking men's clubs" is portrayed as nothing but seedy. But the great strength of *Strippers* is that, like Trevor Griffiths' *Comedians*, it both celebrates and denigrates an institutionalised British way of laughing at, or worrying about, sex.

Wendy is taken in hand by the wise-cracking Canadian stripper Buffy (a very good performance by Lynda Bellingham) and affected with the genuine cameraderie of any embattled group. There is the disenchanted Cillo (Pamela Blackwood) and the indefatigably inventive Michelle; Jackie Lye stops the show several times, as she tries out her over-ambitious *routines* on her colleagues, ranging from an *interesting collation of flags* in a naval number to leopard skins, *gunsbots* and a *python*. ("We're supposed to give them a hard on, not a heart attack" raves Harry.)

John Blackmore's Newcastle production, now designed by Saul Radomsky, is—except for the rambling second act—decently presented and very well acted. Brendan Healy and Judi Lamb, repeating their roles, are touching and convincing in their slightly contrived domestic rows, suggesting that perhaps after all this is the sort of play the Royal Court should be doing.

On the whole, Terson makes his points well and has nothing but pessimism to offer: in a stunning farewell image, Wendy performs her child bride strip to an upstage audience with no backstage response from Bernard. Perhaps someone should tell the pavement protesters that she has made the mistake of believing she can be a better wife by being a stripper. Or was it a mistake after all?

Von Stade/Covent Garden

Richard Fairman

This recital was not the unmitigated pleasure that one might *have hoped*. Frederica Von Stade is such a delectable artist, brimful of sweetness and delicate musicality, that the disappointment *if she* fails to live up to expectations is all the more acute.

We already know from her appearances in opera here that she is peerless in music that thrives on poignancy. Her opening group of Fauré songs was predictably lovely: the opening lines of "Au cimitière" were hauntingly delivered, drained of colour and movement; "Les roses d'Ispahan" was at once cool and affecting. And any moment in the rest of her programme that approximated to the same spirit of childlike innocence were charming.

But as soon as a composer demanded more of her, the problems began. In Strauss and Schoenberg the voice lacked *colour and depth* and *she invariably* sounded strained at *the top under pressure. (A* high C sharp in the operatic excerpts failed to *allay* any doubts.) One longed, too, for better support from her accompanist, Gillian Cookson, who *not only* hit wrong notes but (worse) hit the right ones with *precious* little confidence.

This was nowhere more disconcerting than in *Dominick* Argento's song cycle *Casa Guidi*, which needs the very best advocacy. This piece sets texts from the letters of Elizabeth Barrett Browning and is very much a re-run of the composer's Virginia Woolf cycle (memorably given by Janet Baker at an Aldeburgh Festival recital some years back). But these songs, a domestic trifle, cover nothing like the same range of experience and the music *has become* spare to the point of non-existence.

A couple of Rossini arias hinted ambiguously at what is in store when Von Stade returns to the Royal Opera for *La donna del lago* next month. The "Willow Song" from *Otello* might have been written for her a lovely piece of singing, plangent and affecting in its beauty. But the more dynamic *Semiramide* continually teetered on the brink of disaster, taking the singer well beyond the limits of her voice and personality.

American Dance

David Vaughan

Two American ballet companies have recently produced revivals of works by the great 19th century choreographer, August Bournonville—one of them his best known, the other a piece that has not been performed since 1858. The Pennsylvania Ballet presented his version of *La Sylphide*. Ballet West presented *Abdallah* in Salt Lake City, Utah, in February, and took it to Washington DC at the end of April.

Both productions are the work of dancers who were brought up in the Bournonville tradition preserved by the Royal Danish Ballet, but they represent two different approaches to the question of how to transmit that tradition to American dancers. The Pennsylvania *La Sylphide* was mounted (with the assistance of Solveig Ostergaard from Copenhagen) by Peter Martins, who serves as artistic advisor to the company as well as being Balanchine's successor as a ballet-master-in-chief of New York City Ballet. Martins has not made any substantial additions to the choreography, as Peter Schaufuss did in his production for London Festival Ballet. This is the choreographic text as danced in Copenhagen, with some streamlining of the mime. But little attempt seems to have been made to coach the dancers in the finer points of Bournonville style, particularly in the carriage of the arms, which is markedly less circumscribed than in Denmark.

Nevertheless, the production works very well, making its points in a direct, lucid manner, largely through the vivid characterisations of the *principals*. Melissa Podcasy is a captivating sylph, now *merrily flirtatious*, now sadly reproachful towards the mortal she seeks to entice into her own realm. The darkly handsome *Marin Boieru* is a convincing romantic hero. It is easy to believe that Sari Braff, as his jilted (though quickly consoled) fiancée *would* be happier with Jeffrey Gribler's extrovert Gurn. Edward Myers makes a brave shot at Madge, *the witch*, but is unlikely to efface memories of the great character mimes who have played the role in Copenhagen. In terms of stage design and illusion, this is a strictly no-frills *Sylphide*. Susan Tammany's decor for Act I is crudely drawn, while her fantastic forest for *Act II is* very *unlike* anything one might expect to see in the Scottish Highlands. She also has odd ideas about tartans.

For me, as it happens, the revelation of Bournonville took place at the Brooklyn Academy some 30 years ago when Toni Lander danced Harald Lander's version of the *Napoli* divertissements there with the London Festival Ballet. Her utter belief forgettable. Until her death on May 19, Lander was principal teacher of Ballet West. She staged the revival of *Abdallah* with Bruce Marks, the company's artistic director, and Flemming Ryberg, a principal of the Royal Danish Ballet. Lander and Marks had acquired an autograph of Bournonville's libretto for the ballet in an auction, and determined to revive *it*.

This was a less implausible project than might be imagined, since Bournonville's copy of the score by Holger Simon Paulli was in the Royal Library in Copenhagen, and proved to contain some choreographic notations. Also, some dances from the first act have been continuously performed since Hans Beck, a pupil of Bournonville's who later became ballet-master in Copenhagen, interpolated them into the pas de six in *Napoli* Act III. Still, much of the choreography for *Abdallah* had to be supplied. Bournonville's daily classes, still taught in Denmark, provide a rich store of intricate, beautifully composed *enchaînements* that can be readily fashioned into dances.

The plot of *Abdallah* concerns a young shoemaker who acquires riches through a magic candelabrum, then loses them when he disregards the warning not to make more than four wishes. In the end, of course, he finds happiness with the woman he loves, and even prosperity. The story is not really satisfactory—a lot seems to happen in the interval between the last two acts—and this may be one reason why the ballet failed to find favour in 1855. In spite of its exotic setting (in what is now Iraq) the dances, genre scenes, even the morality, of *Abdallah* are typical of Bournonville.

Lander clearly coached the dancers carefully in the proper style of Bournonville's choreography: not just the academic correctness of *port de bras* and *épaulement* but the sweet seemliness, the breath in the phrase. The dancing of the principals—Miguel Garcia as Abdallah, Lee Provancha Day as his beloved, Odette Miller as queen of the harem, and Gayle Abbott and Lisa LaManna in solo variations—gives eloquent testimony of Lander's gifts as a teacher. Marks brings great authority to the role of the hero's benefactor. Jens-Jacobs Worsaae's backcloths are pretty evocations of 19th century orientalist water colours and the transformations are managed as well as possible, given the inferiority of present-day stage machinery to that of a century ago. There is no more convincing evidence of the success of this production than the fact that it will soon be taken into the repertory of the Royal Danish Ballet: a fitting memorial to one of the company's greatest ballerinas.

Little Brown Jug/Exeter

B. A. Young

Glenn Miller was the Malcolm Sargent *of jazz*. *His* band's music was carefully scored for the *instruments* he had chosen for himself — three trumpets, three trombones, five saxophones and the usual rhythm section—and played as painstakingly as if it were Mozart. A. J.'s Big Band, who are the stars of Alan Drury's *Little Brown Jug*, play the authentic arrangements, even reproducing the occasional free solos note for note from the recorded versions, and the Glenn Miller illusion is first class. A. J. (Alan Hempstead) has to surrender his baton to Jack Elliott, who plays the maestro.

The real point of the piece is to allow the band to play a dozen Glenn Miller duplicates, but a little story has been woven around them. A British soldier comes home on leave to find his girl "seeing" an American soldier at the local airfield. All three of them go to an American servicemen's party, and who should be playing there but Glenn Miller? The mellifluous strains do not quite sort the problem out; in fact we learn, in one of the time-jumps Mr Drury employs, that she marries the American, but at least they all end as friends.

Major Miller, between numbers, comes to their table and, in conversation and in soliloquy, tells something of his musical life-story. Then we are shown the scene at the cloud-covered airfield from which he takes off on his fatal flight towards Paris. All you may say; but it makes a good excuse for the music, and already the run, pretty well booked out, has been extended. Nothing very trivial about that.

The evening was devised, and is directed with characteristic ingenuity, by Stewart Trotters. At the end of the show, we all trooped onto the stage and danced to those beautifully deceitful sounds.

Henley Festival

Martin Hoyle

In 1984, the second year of its existence, the Henley Festival won *both* the *British* Tourist Authority's Come to Britain trophy and *the ABSA* award for the outstanding single event.

Following the Regatta and *utilising* such *facilities* as the Stewards' Enclosure, the Festival exploits the riverside setting. At this year's opening on July *10* the English Chamber Orchestra and the Tallis Choir, like many cultural *institutions* today, will find themselves adrift—literally, on the floating grandstand to be subsequently occupied by the RPO and the *Philharmonia*. In a young artists' marquee, housing *musicians* and actors, *recitals will* alternate with entertainments

The main art exhibition consists of watercolours, tapestry, ceramics and some larger canvases from the collection of Henley's most distinguished resident, John Piper.

For both music and drama-lovers the Festival's highlight will be the first performance since 1613 of *The Marriage of Terpsichore and Thames.*

Jerry goes to Hollywood/Donmar Warehouse

Michael Coveney

The first of the 10 pm musical cabarets in the Donmar Warehouse is a centenary tribute to Jerome Kern (1885-1945). It is a knockout little show in the *Side by Side* format: shimmering silver backdrop, hand-held mikes, upholstered stools and David Kernan (who also directs, with Lud Romano). No Ned Sherrin, though. Still interested?

Dick Vosburgh's snappy narrative *links* are shared among the four *performers*, with the amazing Elisabeth Welch providing her own authenticating credentials in a story about recording a Kern number with Paul Robeson in 1936. Kern had not just *an incomparable* melodic gift, but also impeccable musicianly taste. *To* hear Miss Welch deliver "Smoke Gets *In Your Eyes*" is to go to the very heart of his genius, savouring, along the way, the interpreter's arts of phrasing.

You learn little about Kern beyond that he had a short temper, enjoyed gambling and, most mysterious of all, liked "I've Told Every Little Star" more than any other of his songs. After the early collaborations with Guy Bolton and P. G. Wodehouse, only *Show Boat* stands unchallenged as a genuine classic, although Mr Vosburgh teeters on the edge of making a case for *Roberta*.

The title is justified with a string of good Hollywood anecdotes, songs from the three Astaire movies, and a witty *homage* to Rita Hayworth and Gene Kelly *in Cover Girl. Film* songs to the lyrics of Dorothy Fields are also celebrated, although this sequence *is* vitiated by Mr Kernan's irritating habit of flouncing coyly in attitudes of mock vanity.

Highlights among the three dozen items are Miss Welch sidling irresistibly into "I won't Dance," Mr Kernan opening his chest for "The Folks Who Live on the Hill," Liz Robertson letting it rip in "I'll be Hard to Handle" and the wonderful Elaine Delmar counterpointing Miss Robertson's movingly tight-lipped "Bill" with an impassioned "Can't Help Lovin' Dat Man of Mine."

Perhaps the choice of song could have been more adventurous, perhaps the skimpy programme could have acknowledged Kern's great roster of lyricists. But the show's overall quality is unbeatable, as is the musical direction of Clive Chaplin leading a trio *from the* piano.

A brief and undiluted recommendation for *Frank 'n' Stein*, a brilliantly inventive spoof for two actors, Geoff Lesvey and Raymond Guon (otherwise known as All Day Suckers), and a pre-teenage audience. Campbell, one of the few certifiable geniuses of the British theatre, is a master of the ebulliently *childish caper*, and this inspired Transylvanian epic conjured up by two bizarre-looking men in lederhosen is a worthy successor to *Old King Cole* and *Skungpoomery*. The show was at Jackson's *Lane Community* Centre this week and now moves on to Sudbury in Suffolk and the York Arts Centre. Thence to Finchley, Milton Keynes, Leicester, Southampton and GLC Parks at the end of July. *Don't miss.*

Saleroom/Antony Thorncroft

The London salerooms yesterday went very insular and *concentrated* on *disposing* of British works of art — silver, *furniture* and Victorian watercolours, although Christie's achieved some extraordinary prices for French wines.

A dozen *bottles* of *Chateau* Petrus 1961 sold for £9,500 while 10 bottles of the same wine of the 1947 vintage made £6,000. An Imperial (eight bottles) of Chateau Lafite 1961 went to the U.S. for £3,000 and a Jeroboam (six bottles) of Chateau Mouton-Rothschild 1961 was bought for £2,400.

There was an interesting lot in the Sotheby's silver sale—a five-piece tea and coffee set made in the late 1850's by Hennell and Son carried the inscription that it was presented to an Indian Civil Servant for his services to the Opium Department in Benares, at a time when the drug was considered a boon rather than a bane.

London dealers competed in the Sotheby's watercolour sale for the idyllic country scenes of *Helen Allingham*. The top price was the £9,020 (top estimate £7,000) paid by Hagen for "The clothes basket," a work of 1880 depicting two girls carrying a basket across a moorland. The same dealer paid £6,380 for "A Surrey *farmhouse*." Chris Beetles acquired "Feeding doves at the cottage gate" for £5,940, and "An old cottage, Pinner" for £5,280. Another dealer, Christopher Wood, bought "Picking daisies at Westerham, Kent," for £3,520.

Christie's furniture auction totalled £257,807, but with 25 per cent unsold. A George III mahogany breakfast table sold for £9,180 and a Regency maplewood sofa table the same *sum*. A Regency mahogany serving table did well at £8,100 and twelve Regency mahogany dining chairs fetched £7,020.

Bonhams, the auction house, is getting together with the *Montpelier Studio*, a gallery specialising in 20th century art, to organise a series of three courses in the visual arts of the 20th century. Although the major auction houses Sotheby's and Christie's, hold courses in works of art they do not cover to recent work.

The Bonhams exercise—two ten-week courses at a cost of £1,200 plus VAT and a third on "Artists at Work" at £900, plus VAT—cover the ground from Impressionism, through Surrealism, to Pop Art, and involve lecturers from national museums, and visits out. The principal is Helen Frayling.

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The game of football

THERE CAN be no excuses: the behaviour of some of the English football supporters in Brussels on Wednesdey night speaks for itself. It was barbarism.

Some people heve tried to alleviate it by blaming the extent of the catastrophe on the reactions of the Belgian police and the inadequacy of the stadium where the European Cup final was being held. That is rubbish. It is unrealistic to expect police in a democracy to he equipped to deal with a tribe of invading barbarians. And if the stadium was inadequate to hold suc he match, the football anthorities should have declered as much beforeband. There is not much to be said for the competence of those who complain after an event which they could have prevented.

There are remedial meesures which have been suggested, including a ban on thesale of alcohol close to a footbell ground prior to e match and a stricter segregation of crowds between thevarious groups of supporters. This might limit accidental flare-ups, but it will inconvenience the law-ahiding majority and not deter louts who are determined to make trouble.

It is sometimes argued thel there should be more active policing. Apart from the facts that the police have better things to do and that a strong police presence can often escalate violence because the crowd wants to provoke the men in uniform, the idea that a game of football must have a heavy squad to protect it is ridiculous. It is e game, not a civil war.

Atonement

Not only are palliatives not enough. They are completely the wrong approach because they go down the road of trying to defend the indefensible.

Three things should now happen. First of all, all English clubs expected to be engaged in European foolball competitions next season should voluntarily withdraw, and do so immediately. That would be some tiny act of atonement for the events of Wednesday night which, after all, differed from some English performances in the past only in scale. Brussels was not a one-off occasion.

Secondly, the Government must insist on an immediate and pressing inquiry into who is responsible. There have heen too many reports of the violence being led by organised cliques for them not to be fully investigated. That point is given more force by the fect that the letest violence surrounded Liverpool, the English club with vast experience in European competition, which has given a great deal of pleasure to many people over the years, and which did not heve a history of crowd trouble behind it. The work could he done by the Popplewell inquiry, set np after the fire at the Bradford City football ground eerlier this month, but lt must be urgent.

Civilised

Third, the Government should threaten to ban professional football in Britain altogether if the violence does not stop. That is not quite as dramatic as it may sound British governments have hanned harbaric sports, such as cock-fighting, before. Nor need it be done overnight. Any club whose supporters misbehaved could simply have its ground closed (for a period or permanently) and, with the agreement of the football authorities, be removed from the League. If the first such action did not have the desired deterrent effect on other clubs, the ban on professional football could become total.

One even wonders if a ban would be particularly unpopular any more with the general public. It would not stop people playing the game. It might help them to do lt in a more civilised way.

A culture of violence seems to have become concentrated around football, and not only in Britain. It might focus on some other activity if the professional sport is banned. But that should be no excuse for not bringing the game under control. It has become corrupt to the point of murder.

State ownership in retreat

PRIVATISATION has become one of the important trends of the 1980s; it is happening in the developing as well as the developed world. The reasons are various and deep. Chief of them is a reaction egainst too much state influence in industry and other eraas of life. It is a reaction, too, against the belief that given enough money and good intentions all things are feasible.

The process has heen encouraged also by e waning of the old doctrine that sheer size is essential to competitiveness. Certain industrial activities will always heve to be carried out in large units. But independent smaller companies heve made much of the running on innovation and are better suited than the giants to today's fast-changing markets. If a smell company makes mistakes and goes under, the damage is more easily contained than lf a large concern, such as state-owned enterprises tend to be, gets into trouble.

A third reason why privatisation has come into fashion is that governments are running out of money. Selling off assets is a convenient, if temporary, means towards reducing hudget deficits painlessly. As a corollary to public penury, the 1980s—and goverments such as those of President Reagan, Mrs Thatcher and Herr Helmut Kohl—have seen a revival of interest in private equity investment.

Clear impetus

The strength of world stock markets is evidence of this revival. So is the growing number of companies in countries such as France and West Germany which are seeking quotations from the bourses or subsidiary equity markets. Venture capital companies, too, have become all the rage in countries wbere the concept was almost unknown a few years ago.

Mrs Thatcher's Britain probahly has the clearest ldeological impetus towards privetisation, even if the Exchequer gratefully accepts the proceeds. At the opposite end of the scale you will, surprisingly, find Sweden. During e hrief interlude of bourgeois government et the turn of the decade, the Swedisb state acquired large stakes in a number of failing companles. Some have recovered and, paradoxically bul sensibly, the socialist government is disposing of those that can find buyers. Equally undogmatically, the Swedish Government allowed PK Bank, which used to be fully state owned, to raise new capital by floating a minority block of shares.

Under a conservetive Government elected last September, Canade is taking a course closer to the British. As a first step towards disposing of lts majority stake in an industrial bolding company, Canada Development Corporation, a share offering will be made to the public this summer. Mr Michael Wilson, the Finance Minister, will be glad of the money, but the reason given for the move is that the State should not be involved with companies that have no public policy role.

Secret fears

As a statement of principle that is admirable, though lt will lead to argument as to what constitutes a desirable public role. The Italian State holding company, IRI, is a prime example of a company that played an important public role in the industrialisation of Italy. But lt was also turned lnto an alms house for moribund companies, with the temptation to exert hackstairs political influence which that provides. The new policy at IRI is to return to the original concept. The difficulty met in disposing of one affiliate, SME, a retailer and food processor, can arise where commercial and political interests overlap.

Something similar has happened in West Germany where political objections have been raised to reducing the state holding in Lufthansa because of aecret fears that this mighl reduce opportunities to influence the airline's purchasing policies. West Germany also supplies an example of tha opposite way. In spite of a large public shareholding in Volkswagen, that company has successfully acted like a member of the private sector.

As this example shows, public ownership, whether complete or partial, is not a har to efficiency. Privatisation is not a panacea. In some cases, notahly the utilities, there are real disadvantages in converting a public monopoly into a private one. In general, bowever, the pressure for greater efficiency ia likely lo be greater where the shareholders are private and hence subject to normal commercial disciplines.

HARRODS' NEW OWNERS

The mystery of the Al-Fayeds

By Duncan Campbell-Smith

Two of the three Al-Fayed brothers and Harrods, the famous Knightsbridge store

MOHAMED AL-FAYED and his two half-brothers, Ali and Salah, clinched their drametic purchase of the House of Fraser (HoF) stores group in March within the space of just 10 days.

It could be some time yet, though, before the Egyptian-born brothers or their edvisers — who lnclude merchant bankers Kleinwort Benson — manage to scotch the rumours and speculation prompted hy their andacious £615m takeover of the group and its flagship, Harrods of Knightshridge.

From the City of London to the banking parlours of the Arabian Gulf where they bave mede millions since the 1960s, the Al-Fayeds' sudden disclosure of qulte such a massive, personal wealth has met with some disbelief.

"There is no hidden hand behind them," said Kleinworts of lts clients in March. But the leap from comparative obscurity to ownership of one of Britain's most lnternationally renowned institutions has left both Kleinworts and the Al-Fayeds with e problem: no one seems yet to believe them.

In the City, lt is known thet Mohamed privately represented the interests of the fabulously rich Snltan of Brunei Sir Muda Hassanal Bolkiah, when he purchased the Dorchester Hotel in January. (The Sultan is thought to bave paid about twice the £40m or so which the Dorchester cost its previous owner only last July.) On at least one occasion, corresponding with U.S. lawyers in August last year, the 38-year-old Sultan also referred in writing to Mohamed as "Our personal and official Financial Adviser."

However before the Al Fayed's pnrchase of HoF was cleared by the Department of Trede and Industry, Mr Norman Tebbit, Secretary of State at the DTI, and his advisers are understood to have been confidentially assured by the Foreign Office that, to the best of its knowledge, no evidence linked the £615m casb bld with the Sultan'e own coffers.

No one can be certain of the true beneficial ownership of HoF because its new parent company is a Liechtenstein trust with anonymous, bearer shares. But the Sultan is very sensitive to loose gossip about his investments and has traditionally been forthright about his activities.

There are others who suggest that the Al-Fayeds' money may have come from one or other of the ruling families of the Gulf. Mohamed is thought in Dubai to he close, for example, to the hrother-ln-law of Sheikh Maktoum hin Rashid, son and heir apparent to the ruler of the emirate. A shyer and more private man than his three brothers, Sheikh Maktoum undouhtedly has access to great privale wealth.

Nowhere, however, does any suggestion that he has a link with the HoF deal cause more astonishment than in Dubai itself.

One of the Unlted Arab Emirates on the Eastern seaboard of the Arabian peninsula, Dubai bas already begun to shimmer and steam with the beet of a Gulf summer. It is also now the Holy Moslem month of Ramedan, a period of fasting, little work and plenty of time to talk—and the Al-Fayeds' new celebrity has ettracted more than lts share of attention.

The UAE has been the owner of Mohamed's current passport for 21 years. Some of its most prominent merchants say they know as much es most others about his past successes and recent business dealings. None of them see any evidence to link Sheikh Maktoum or any of his relatives with HoF; nor does the local British Consulate.

These merchants, on the other hand, appear surprised that the Al-Fayeds can now lay claim to the kind of mega-wealth associated, say, with men like Mr Adnan Khashoggi, the Saudi entrepreneur, or even Mr Mahdi Al-Tajir, the UAE's own ambassador to London and a febled hillionaire.

So the speculation continues. None of the Al-Feyed brothers were ahle, in the time available, to accepl the Financial Times' lnvitation to them to give a formal interview.

"They are collectors of centres of excellence," replied Kleinworts on March 4 when asked, following the Al-Fayeds' bid for HoF, about the family's other financial interests. But extensive lnvestigations have failed to uncover assets with a combined value of anything remotely comparable to the £615m bid for HoF.

Take, for example, International Marine Services (IMS), e marine repair yard ecquired by the brothers in Dubai last October. IMS exhausted lts entire equity capltal in 1981 baving lost well over DM 100m (£32m) in 1978-81 for its last owner, Salzgitter, the German state-owned steel group.

Reviewing IMS in detail in July, 1983, the local office of eccountants Price Waterhouse noted the company's "substantial losses" since 1978 and warned "no significant overall improvement is anticipated before 1985." (Under its new ownership, the management does indeed now claim to have returned IMS to profitability.)

The Paris Ritz, acquired by the brothers in 1979, has certainly retained lts reputation for excellence. But in the fonr years 1980-83, it incurred net losses after tax hut hefore extraordinary items of FFr 77.7m (£6.5m) against a purchase price thought to be around FFr 90m.

Moreover, fixed and floating mortgage charges were last August altached by the Royal Bank of Scotland to all the interests of the Ritz to cover credil facilities of just FFr 100m (£8.4m).

A 12-line summary of the Al-Fayed's backgroumd was included in March's formal offer documenl to HoF's shareholders. "The Al-Fayed family is an old-established Egyptian family," says thal prospectus, "which has lnterests ln the U.S., Europe end the Middle East which lnclude, in particular, shipping, construction, oil, banking and property."

Some Al-Fayed companies do not quite match up to the grand sweep of this description. "The loss before taxation," state the 1975 accounts of Tarbet House, e property investment company, "has been arrived at after charging interest on hank overdraft of £2 (1974: £26)." Tarbet ceased trading in 1983 after 11 years of losses totalling just £3,415.

More significant is the case of General Navigation & Commerce Company (GN & CC), a principal agency for Al-Fayed shipping interests which the HoF document identifies with five international centres.

> No one can be certain of the true beneficial ownership of House of Fraser

GN & CC had a net worth in 1983 of £149,801 and incurred net losses in 1979-83 of £220,130. In addltion to being the parent company for a group of "Genavco" subsidiaries, it remains the UK agency for Gilnavi SpA, an Al-Fayed shipping company in Genoa. But Gilnavi appears to operate just two vessels owned by the Al-Fayeds—a third was wrecked in 1982—and the brothers' other shipping inlerests seem to be confined et present to agency work in Piraeus, Alexandria and Duhai.

Above all, however, the offer document hints et the importance of the brothers' family background and their careers in the general world of Middle Eastern money and the oil boom of the 1970s.

Mohamed was born in Egypt on January 27 1933. Nothing is known of his parents and early life for certain. Mr Leon Carrasso, now a U.S. citizen living in New York, says be sold his three-man shipping agency in Alexandria to him in 1959. "It was a mystery for me what be did," says Mr Carrasso, who claims he met Mohamed's father but that he had no connections with shipping and was "some kind of civil servant."

By then, Mohamed had already worked as a cold drinks company manager for a young Saudi businessman, Adnan Khashoggi. He bad lived in Saudi Arabia for a while; bnt an unfortunate personal clash with the Khashoggi family led to an estrangement and Mohamed went off to find opportumiteis elswbere, including Latin America.

In London in 1964, he met Mahdi Al-Tajir, now the UAE ambassador and already then the private adviser of some 10 years standing to Dubai's ruler, Sheikh Rashid. Al-Tajir is understood to have secured a Dubai passport for Mohamed and introduced him to key personalities in the Gulf sheikhdom like Mr Bill Duff, an Englishman in the Ruler's personal office, who first met Mohamed in London in 1966.

With useful contacts of this kind, Mohamed soon won a contract to represent the interests of Costain, the UK construction group, which was "naturally eager to participate in Sheikh Rashid's dynamic modernisation of his tiny country.

The Dubai merchants suddenly found a newcomer in smart Western dress in regular attendance et the Ruler's private court. The outcome, for Costain and its representative, was spectacular.

Between 1968 and 1980—either alone or in partnership with others—Costain received work as the main contractor on projects which the Dubai government values today at Dh 3,845.6m—equivalent, using a random 1977 exchange rate for simplicity, to about £575m.

What percentage of this Mohamed may have received is unclear. "The amount we paid him was modest," says Mr Terrel Wyatt, Costain's chairman, "and was reasonably geared to the advice he was giving, to his contribution to negotiations and to the specific service he provided."

Informed observers reckon Mohamed could easily have made as much as £20m-£30m from various sources in these years. He bought a castle and a whisky refinery in Scotland and properties in London and Paris. He became a much valued contact in the City—Lazards and Morgan Grenfell have worked on his behalf as well as Kleinworts, though Lazards broke off one series of discussions with Mohamed last July—and be was widely courted in the international construction industry.

In fact, Mobamed became a stockholder in Costain. Curiously, though, the Costain 1975 report and accounts indicate that be was the beneficial holder of only 1,200 shares. He acted merely as the nominee bolder for another 5.02m shares—representing 20 per cent of Costain and valued on April 30, 1976 at just short of £12m—which were owned by an anonymous beneficiary.

The years since 1967, though, have not all been plain sailing. In the early 1970s, he quarrelled with a prominent Dubai merchant and lost a local joint venture. He broke with Al-Tajir around 1978 and he was involved in an ecrimonious public row with other parties in 1982 when be lost the Dubai egency for the international Barber Blue Sea shipping network.

In the 1980s, bis business interests have anyway been more conspicnons outside the Gulf. A long and friendly association with Mr "Tiny" Rowland and Lonrho—since abruptly severed—led directly to his purchase last October of Lonrho's 29.9 per cent stake in House of Fraser, the basis of the March bid.

Mohamed has extended his circle of associates to include the Sultan of Brunei with his $14hn of invested reserves—apparently eclipsing in the process the influence there of his own former employer, Adnan Khashoggi.

There are businessmen in Singapore who believe that Mohamed's influence, too, may already be waning in Brunei. How, if at all, his relation's with the Sultan may have been affected by the freshly revealed wealth of the Al-Fayeds is no less of a mystery et present than so much else in the history of this old-established Egyptian family.

Euro Fighter Project

British Aerospace wants no less than 26 per cent of the proposed European Fighter Aircraft (EFA) and not 23 per cent as stated in error in yesterday's feature.

Politics among the pasta

The latest entrant into whet is becoming an unruly and highly-politicised auction of ltaly's SME state-owned foods group (with a $2bn e year turnover) is e consortium of pasta and television companies in which the flamboyant Silvio Berlnsconi, the country's commercial TV baron, is prominent.

Berlusconi, 48, who rules his empire of 143 companies from a Caneletto-filled mansion in Milan, is e one-third partner in a L600bn ($303m) hid designed to supersede the L497bn agreed sale of SME by its parent, the IRI state bolding company, to Cerlo de Benedetti's Buitoni foods group.

De Benedetti, wbo agreed to huy SME in April, has reacted angrily to the last-minute Berlusconi bld. So heve a number of leeding industrialists and bankers.

The Berlusconi consortium is viewed by many in Italy as an ettempt by Prime Minister Craxi's Socialists (Craxi and Berlusconi are friends) to hlock the Christian Democrat-backed de Benedetti purchase.

The sale will mark the biggest-ever privatisation of an ltalian state company.

An aide to Berlusconi, whose Fininvest holding company controls interests in televislon, Press, construction and computer software, hotly denied any political motivation. Berlusconi, whose group last year hed a turnover of L1,350hn ($682m), wished to take advantage of the "synergy" of combining SME'a operations with his existing interests, he said.

"Signor Berlusconi is an entrepreneur and needs to diversify his holdings," the aide explained. And with three leading television networks, there would be potential for edvertising SME products.

Why had Berlusconi and his partners waited so long to make a hid? "The sele to de Benedetti was secretly negotiated. Hed we known, we would heve mede an offer."

Italian financial circles remain unconvinced—and there is some muttering ehout Berlusconi's alleged membership of the outlawed P-2 Freemasons organisation.

That business was all e mistake, Berlusconi's aide explained yesterday. "He once met the P-2 head, Signor Gelli, but that was only on the insistence of e friend. Then, before we knew it, a letter arrived with a membership card. We never took lt seriously."

Men and Matters

"This chap who's occupying Rockall—I suppose they'll soon be building an airstrip to reinforce him . . ."

Careful Carless

Batcombe and Ryme Intrinseca, Stour, Provost, Broadhalfpenny Down, North Fareham, and Snipe Bog, may soon he names lo conjure with in the City.

They are some of the sites in Wiltshire, Dorset, Hampshlre, and Sussex, where Carless, Capel and Leonard, the British on-shore oil specielist, tells me lt plans to drill exploration wells

Carless, soon to start commercial production from its Humbly Grove discovery in Hampshire, has a reputation for dealing skilfully with the environmentalist lobby.

But there can be times wben an oil company itself needs protecting

Before the seismic survey trucks venture on to one Carless exploration ares, on a weepons training area of Salisbury Plain, the army has been directing sweeping operations hecause of the denger of unexploded rounds.

Buying time

The saga of the Japenese Government's efforts to persuade the nation to huy more foreign goods continues.

The Ministry of International Trade and Industry has now decreed that its employees should put in fewer hours at the office and thus, presumabty, have more free time for shopping. It announced that from next month, Mitimen will be encouraged to take every other Saturday off and not to pnt in overtime on Friday nights.

There may be some snags. Though the five-day week has been making steady, albeit, slow, progress in Japan, ministries are so competitive thet the rule of thumb has long been that a civil servant does not leave his office until he sees the lights switched off in e rival ministry.

And though civil servants in Japan are powerful, they are not often very rich. Unleashing Miti's 13,000 employeea on the shops of Tokyo may make little dent in the trade surplus.

Perheps Foreign Minister, Shintaro Abe, will make a higger impression with his proposal that the Government should invest in a few foreign aircraft for official use, especially on occasions when Japanese cltizens had to be rescued from foreign hotspots.

As it is, Abe lamented, Japan had to rely on commercial airlines to help out. Even countries which received aid from Japan were not reduced to such straits.

Nuclear trip

The Royal Nevy is nervously wondering whet anti-nuclear activists may try to do to sabotage its big nuclear transport operation np the west coast of Scotland this weekend.

The Greenpeace group, for instance, bas shown a flair for publicity and e knack of getting TV cameras focused on its maritime ectivities.

But the navy is pleased at the way it has managed to keep its £4m removal opertaion out of the limelight until the last possible moment. The arrival in Morcambe Bay this week of the Dutch super-barge Giant 2 was the first indication thet the nevy's new, all-British, pressurised water reactor is on the move.

The navy already has 17 pwrs powering ships et sea. The new model is a prototype for the Trident submarines and other vessels.

Giant 2 has been hired to carry the reactor round to the north of Scotland where it will become the plaything of sailors learning to operate pwrs, and nuclear engineers developing the navy's nuclear propulsion systems.

PWR2, as it is called, will be based at Vulcan, the navy's test establishment near the Dounreay plant of the UK Atomic Energy Authority.

Greenpeace might like to ponder that Vulcan, the god of fire, was the lame god who never wenl to war.

Work it out

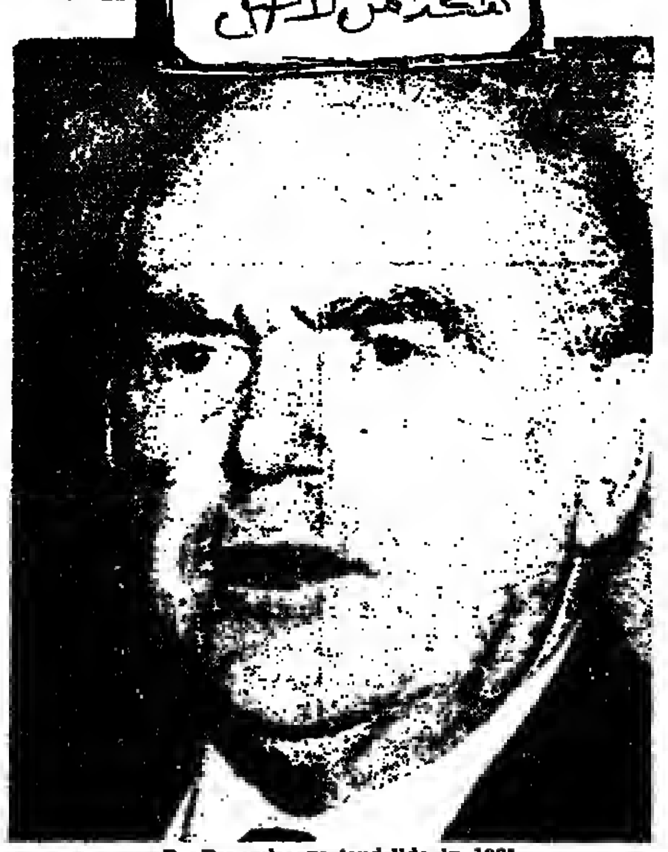
A Department of Health and Social Security official gleaned this from e claimant's form concerning work ahroad: "No work at all, I went on holiday for e holiday. If I did work on holiday I would not beve been on holiday, but I did not work so 1 was on bolidey."

Observer

The Greek elections

Why the Socialists are taking a gamble

By Andriana Ierodiaconou in Athens



Dr Papandreon: landslide in 1981

SUNDAY'S elections in Greece will decide the success or failure of the country's first Socialist experiment.

But, whatever the outcome, Greece will remain a state where the deep enmities caused by the 1945-49 Civil War and the years of military dictatorship are never far below the surface.

The election will also have a bearing on the country's standing in the West. In voting Pasok, the Panhellenic Socialist Movement into power in 1981, the Greeks entrusted their Government for the first time to a political party explicitly not committed to being a firm United States and Nato ally.

Dr Andreas Papandreou openly rejects the Conservatives' maxim, "Greece belongs to the West." If he is re-selected as Prime Minister observers expect an intensification of neutralist trends in Greek foreign policy, though they recall that he has stopped short of carrying out pledges to close the American bases in Greece and pull out of the Atlantic alliance.

When DrPapandreous Pasok swept to victory in tha 1981 general elections with a landslide majority of 48 per cent, there was a sense of inevitability about the result.

The ascendancy of the Right in Greek political life, which had lasted for almost half a century, had palpably run its course. The defeated New Democracy Party (ND) in particular, a reincarnation of Mr Constantine Karamanlis' National Radical Union (ERE) of the 1950s and 1960s had grown complacent and ineffectual in power through two successive terms of Government immediately following the collapse of the colonels' dictatorship.

"Even we admit, it was time for a change," one senior ND official said recently, assessing the party's decline and fall. "Change," literally, was what the Greeks voted for, and Pasok's campaign slogan of "Allaghi," meaning just that, captured the hearts and minds not only of committed Leftists but also of centrist and even conservative Greeks who felt secure enough for the first time since the dictatorship to vote Left, and who were united in the hope for a better life.

To a large degree, the problem Pasok has had in keeping the star of its popularity bright—by last June's European Parliament elections the 1981-82 lead against ND had narrowed to 3.5 per cent—was a function of the broad political span of voter support which the party enjoyed in the last elections.

The socialists found to their cost that to please their moderate and conservative public, meant to alienate the radical left and vice versa. Their attempts to square that particular circle often made them appear inconsistent and unreliable. They also generated tensions between the so-called "moderates" and "hardliners" within Pasok's own ranks. As one faction tries to advance its ideas against those of the other the energy which should have gone into applying an effective policy programme has more often than not been channelled into infighting and fierce competition for the ear of Prime Minister and party leader, Dr Papandreou.

By the Socialists' own admission, Pasok's reform programme has as a result remained largely uncompleted in key areas such as social welfare, the environment, the bureaucracy health or education. "Allaghi" is still the issue at stake in the 1985 elections.

The most vivid example, however, of Pasok's ambivalence over whether it should be a party of the moderate centre or the left came on March 9, the date on which Dr Papandreou stunned the nation—and most of his own party—with the surprise announcement that Pasok would not support the re-election of conservative President Karamanlis to a second term as head of state.

Tha decision marked a turning point in Pasok's progress towards tha 1985 elections. Until then there were no prizes for guessing that the socialists would win a second term in office. Dr Papandreou was known to have given public and private assurances that he was set to back Dr Karamanlis's candidacy: since Pasok'a 1981 election victory they had worked well together.

The poll will decide the success or failure of the countrys first socialist experiment

Observers were unanimously predicting that Pasok would carry the 1985 elections under the banner of consensus politics, effectively drawing the moderate centrist vote. It was assumed that the radical left would adjust to the decision to support Mr Karamanlis even though he had always been seen as the personification of the pre-junta right. After all, they had earlier adjusted to Dr Papandreou's decision to sign an agreement extending the operation of the American bases in Greece, or to remain in the EEC and postpone promised Nato withdrawal to an indefinite date.

Dr Papandreou, however, decided to gamble otherwise. Persuaded by close advisers that supporting Mr Karamanlis would mean a substantial loss of votes to the left—mainly to the pro-Moscow Communist Party of Greece (KKE), the third runner up in 1981 with 11 per cent, the decision to back his re-election was abandoned in favour of nominating supreme court judge Christos Sartzetakis. The choice of Mr Sartzetakis, a hero in Greece for his determined investigation into the murder of leftist deputy Gregoris Lambrakis under a Karamanlis administration in the early 1960s, was calculated to wield maximum appeal for moderate voters of the liberal centre.

Sunday's result will show whether the gamble has paid off. Observers agree that its immediate effect was to galvanise into action the conservative opposition, which had languished in a defeatist sulk since its rude ejection from office in 1981. "Until Pasok's decision on Karamanlis, New Democracy wasn't even in the race. Now it can be said to be running as an outsider," one observer remarked.

ND's first move was to challenge Dr Papandreou's credibility by pointing out that he had gone back on his word to support Mr Karamanlis. The issue of trust has been central in campaign speeches delivered in over 30 towns by ND leader Constantine Mitsotakis. ND officials say that confidential polls show that the actual issue of the Presidency is not high on the list of voter concerns. The Karamanlis upset, however, gave ND a platform from which it was able for the first time since 1981 to command voters' attention.

The conservatives have taken advantage of this to unveil specific policy programmes for the economy—concern over which is judged to be at a "historic high," notably over unemployment and inflation, agriculture and education. Foreign policy has not figured prominently—Dr Papandreou's blend of neutralism and anti-Americanism is judged to have struck a responsive chord with the Greek public, and in addition foreign policy is low on the list of voter priorities.

Caught in a pincer movement between ND and the KKE, the Socialists have avoided fighting on the opposition parties' chosen ground of Pasok's performance in government.

Instead, Pasok's campaign has been based on the simple message: vote for us to prevent the return of the right to power.

To drive this message home, Dr Papandreou has devoted the major part of his campaign speeches to recalling the repressive history of the right in Greece going back to the 1930s and taking in the divisive experiences of the 1945-49 civil war and the colonels' junta.

He has also not hesitated to direct vitriolic personal attacks—happily backed by the pro-government press—against Mr Mitsotakis, his bete noire since 1965 when the present ND leader was one of a group of deputies who defected from the centre union government of George Papandreou to form a rightist splinter government. The episode, which triggered a chain of events culminating in the 1967 military coup, remains traumatic in the Greek collective consciousness and is particularly effective in alienating centrist voters.

Pasok is thus hoping that Mr Mitsotakis's political baggage will carry more weight with voters on Sunday than the socialists burden of failure in government. Under the present Greek electoral system, computer projections show that a lead of just 0.3 per cent will be sufficient to give the winning party an absolute majority in the 300-member parliament, while a difference of 2 per cent would secure a majority of some 158 seats.

Given this Sunday's election result is in the hands of the undecided voters, variously estimated from 3 per cent to 7 per cent. Many of these are centrists who are agonising between the choice of Pasok and a right-wing party which they would never have normally dreamed of supporting despite the recently acquired "liberal" tag. The rest are so-called "apolitical" Greeks who will decide at the last minute mainly on the basis of their pocket books.

Their choice will determine whether the last three-and-a-half years have been an ephemeral phase in Greek political history or the start of a more lasting swing to the left.

Lombard

Tamils can pay our pensions

By Anatole Kaletsky

BRITAIN IS an overcrowded little island, down on its luck. It can't even find enough jobs for its own people. The last thing the country needs, as it tries to cope with record unemployment, is a flood of new immigrants—of Tamils fleeing persecution in Sri Lanka, or foreign men who marry British women and expect to be treated as if the were British themselves. Of course decent people will deplore the plight of the Tamils and feel sorry for some of the couples who are forced to live apart by Britain's immigration laws. But we've got to be realistic; there are already 3m unemployed.

Whatever the rights and wrongs of it, the country simply can't afford to have more people—there are not enough jobs to go round.

Britain is an inefficient sickly economy, with a workforce getting older all the time. It can't even afford a decent social safety net for its poorest old-age pensioners. The last thing the country needs, as it tries to live within its means, are pie-in-the-sky promises, from politicians about generous state benefits for all—for well paid workers who expect the state to pay them earnings-related pensions, for example. Of course decent people will feel sorry for the elderly people who have to live in poverty on the basic state pension; they might even regret that Britain spends less on public benefits for the old than Germany or America, even in relation to its much smaller GNP.

Whatever the rights and wrongs of it, the country simply cannot promise higher pensions in the future as the population ages—there won't be enough workers left to support tha retired.

The government believes there will be too few people of working age in Britian by 2020 to pay for the promised state pensions. It also seems to fear that mass unemployment will continue to crush the economy, exacerbate racial tensions, deplete tax revenues and strain public spending for the indefinite future. Both stories can't be right—in fact, both are probably wrong.

If the demographic projections underlying the attacks on the state earnings related pension scheme prove correct, then by 2020 Britain (along with all other industrialised countries) will be suffering an acute labour shortage. If this happens, unemployment should fall sharply and the decline in unemployment will itself relieve much of the burden of supporting the pensioners: a reduction in unemployment from 12.7 per cent to 6 per cent would cut the level of national insurance contributions by 1.85 percentage points. This would cover about one-quarter of the increase in contribution rates required to provide the full earnings related pension in 2025-26, according to the Government Actuary. The savings on benefits paid to the unemployed would probably account for at least as much again, leaving a gap of only 4 or 5 percentage points to be bridged by higher contribution rates.

But supposing that even such a modest increase in national insurance rates were unacceptable, there would be an easy solution. Why not simply admit enough immigrants to keep the labour force up and the national insurance contributions flowing at whatever rate was required?

Unemployment has never been a convincing theoretical argument against immigration, as the Prime Minister, with her admiration of Hong Kong and the American sunbelt, should be the first to recognise. But even if she secretly doubts the force of the classical economic theories which assert that supply will always create its own demand in a free market economy, the fears about pensions and demographic changes in the 21st century could provide some far more concrete—and popular—reasons to reconsider long-term immigration policies.

When there is no shortage of humans in the world as a whole it is absurd for the governments of the rich countries simultaneously to clamp down on immigration and to worry about the sustainability of their pension commitments in the face of "adversa" demographic trends. As long as they leave enough physical capital behind, the pensioners of Europe and America will always find enough young people throughout the world who are willing to work to support them.

Letters to the Editor

Restrictions on N. Sea firms

From Mr John H. Folger

Sir,—As a management consulting firm which has worked extensively with engineering contractors for many years in countries like Holland, England, France, Spain and Italy (as well as the U.S.), we have been bemused by the fact that the OSO (Offshore Office) seems to be taking what I construe to be a position counterproductive to the best interests of the British economy and of its citizens employed in the engineering contractor industry.

As I understand it, unless an engineering constructor located in the UK is British-owned, it will no longer be considered a viable bidder for platform work in the British waters of the North Sea. Such a policy seems short-sighted and bound to hurt citizens of the UK who are employed by firms owned by Continental or U.S. interests. Such firms have been located in Greater London for decades, employing 99 per cent UK personnel, and working on jobs not located in the North Sea, but, for instance, in the Mid-East, Africa and South America. They have contributed greatly to the British economy.

We know that in the United States there are no such restrictions against such firms as Crawford & Russell (owned by John Brown Engineering) or Davy McKee, also owned by UK interests.

Not only is it a disservice to so many firms that have supplied thousands of professional positions for British citizens, but our experience suggests that if only a few locally owned firms are allowed to bid the quality of service could go down and the cost of service rise. Whenever competition is artificially restricted those firms that are "protected" tend to become loose and a bit second-rate in their performance.

John H. Folger,
President, Folgar & Co. Inc.,
Lewis Wharf,
Boston, *Massachusetts.*

Training for industry

From Mr J. W. L. Nichols

Sir,—In your leader (May 23) Britain's poor industrial performance was attributed to the inadequacy of the country's educational and training system, but little was said of the reasons for this weakness in our economic structure.

I believe the root cause of the problem in our approach to training for industry is to be found by examining our training for other callings. Are our medical or military men adequately trained by the self-same educational system? I would suggest that these men as as good as any in the world. The reason for that is that their training begins at secondary school level, continues as a specialist subject through tertiary level and then is updated from time to time during their professional careers.

In contrast, the potential industrialist in Britain suffers from the fact that neither industry nor the schools recognise that there are basic subjects and disciplines necessary to support a satisfactory career in industry, and which can form the heart of a specialist curriculum.

I propose that the way to cure our poor industrial performance is first to identify appropriate industry-related subjects to be taught in secondary schools while leaving room for the three Rs and then to create centres of excellence such as Special Institutes for Scientific and Technical Research (Sisters) where the young industrialist may complete his tertiary training.

I believe that this change in emphasis in the curriculum would not make any great call on the public purse because at tertiary level the Sisters could be created by stripping out the academic subjects from universities such as Aston or Essex.

I quote from the memoirs of a student at the East Indian Company College in 1850. "Much valuable time is spent in studying other subjects at the expense of oriental spoken languages."

It seems that unsuitable curricula have been with us for years. Tha difference today is that foreign competition is such that we just cannot afford to be amateurs any longer.

J. W. L. Nichols.
Mill House,
Holton St Peter,
Suffolk.

Shortage of engineers

From Ansel Harris

Sir,—The publication of the Green Paper, The Development of Higher Education into the 1990s, centred on the shortage of engineers.

It is a problem that in recent months has prompted emergency action by central government. A further £43m has been provided for extra student places on technological and vocational courses. The Engineering Industry Training Board has recently put up £800,000 to help alleviate the high-tech skill shortage.

After a career in commerce and industry, I am currently involved in a CELP (College Employer Links Project) investigation. While normally I would desist from interim conclusions, the concatination of events justifies them on this occasion.

I suggest that the present shortage of engineers derives from three causes: There has been insufficient prescience, vision and forward planning by the politicians, the providers of resources; by senior management in industry, the users of the product of the education and training sector; and by the colleges (and I refer to the public sector only) who are only now being called upon to fulfil new roles.

The provision of resources requires political will and commitment. At one of the local colleges I have investigated (and its features are not unique), the student population in the past three years has averaged 540 full-time and 2,680 part-time, with the overall figure rising each year. Current expenditure in the past three years has remained static, ie, in real terms has fallen. But capital expenditure has averaged a mere £40,000 pa.

In an era of rapidly changing technology it is particularly vital that educational institutions have the appropriate equipment: one cannot teach the maintenance of the modern motor vehicle on an old second-hand car, nor word processing on a manual typewriter. It is possible to retrain and update staff, but old equipment is redundant. The teaching of the new technologies requires an investment in new equipment even on a modest scale. This is being denied the colleges. Hence they are finding it increasingly difficult to meet employers' needs.

Turning to demand side, how poorly industry rewards its engineers, compared with the way the financial sector remunerates its professionals.

The financial sector has traditions as old as, if not older, than engineering. Yet it has faced new challenges. It has recognised the need to recruit, train and reward talent. The engineering sector should apply these lessons to itself. It should also press the Government to ensure that the public-sector colleges are better equipped to provide the trained manpower for which it (and the economy) are in urgent need.

Ansel Harris,
MBA Partners,
23 Ferncroft Avenue,
London, NW3.

Form filling four times

From the Managing Director, Erwood Hotels.

Sir,—There is much talk in your paper and in others about assisting small businesses, relieving them of form filling, rescuing them from bureaucracy and leaving them to get on with the business.

One area which causes much work is supplying information to the Collector of Taxes two, three or even four times.

As a 44-bedroom hotel, we employ 20 people. (We would employ more but cannot find staff. Where are the 3m?) At each fiscal year-end we complete the required forms for every person employed by us in that year, both past and present, and the statutory returns. As each employee leaves a P45 is prepared and the correct part despatched to the relevant office. This information is, of course, stored on computers and should be instantly available to tha powers that be.

Why then are we constantly bombarded for information relating to past employees, some of whom left us many years ago?

We cannot afford a computer and must, therefore, manually search our records. Once tha statutory forms and returns are completed the employers should have no more responsibility to provide further information to a computerised Inland Revenue which is funded by them, and places more responsibility and a heavier workload on them year by year.

Miss J. R. Allan,
Grean Park Hotel,
Harrogate.

A taste for cricket

From Mr M. L. Pearca

Sir, — While potato crisps might hava had a better flavour in pre-war days, too great a craving for them clearly produced a form of amnesia. Had Mr D. J. Harris (May 24) spent more time attending to the matter in hand, rather than pestering his parents for further packets of crisps, be might hava noticed that Mr E. R. T. Holmes was not playing for Surrey on the day of his visit to Swansea. Indeed, this could have been confirmed by reference to Wisden before composing his letter!

It is sad that even today too great a proportion of the crowd at any sporting event is more concerned with the quality of the hospitality being provided than with the endeavours of the players they are supposedly watching!

M. L. Pearce.
9, Rodway Road,
Roehampton, SW15.

FINANCIAL TIMES
Friday May 31 1985

Germany heads for record trade surplus

By Rupert Cornwell in Bonn

THE continued comparative weakness of the D-Mark belped West Germany show further substantial trade and current account surpluses last month. This bears out forecasts that on present trends even 1984's record trade performance could be eclipsed.

The Federal Statistics Office in Wiesbaden, reported tbat April alone produced a trade surplus of DM 5.5bn, slightly down on March's DM 6.4bn, but more than double the DM 2.5bn figure reported for April 1984.

This brings the accumulated surplus for the first four months to DM 19.1bn, against DM 13.9bo for January–April last year. It suggests moreover the 1984 total of DM 54bn – itself unprecedented – will probably be exceeded this year, barring an unlikely reversal of roles on the currency front.

Independent forecasts suggests the trade surplus this year migbt reach DM 65bn or even DM 70bn, while the current account, whicb also includes services and transfer paymenis, might close DM 30bn or more in the black, compared with DM 17.7bn in 1984.

In the first four months of this year, the current account surplus almost trebled to DM 9.3bn; in April alone it jumped to DM 3.7bn, well up on the revised DM 2.6bn of March, and the DM 200m of the same month a year earlier.

The strong competitive edge of West German exporters was further underlined by the fact that exports so far this year, at 13 per cent, bave been growing faster than imports, which are running just 11 per cent up on 1984.

Despite a faint stirring in the inflation rate, which bas lately crept up to 2.7 per cent from barely 2 per cent at the end of last year, the buoyant trade figures can only increase the arguments of those who favour stronger action by the Government to boost the economy and tackle unemployment.

The ruling Christian Democrats debated the whole thorny issue again yesterday, ahead of the Cabinet meeting at the beginning of July which is due to decide on supplementary – if highly cautious – action to create more jobs. But the party seems resolutely against any major stimulus to the economy, on the grounds it would merely increase interest rates and prices, rather than employment.

Pan Am signs deal with Airbus for 28 airliners

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN PARIS

PAN AMERICAN World Airways bas signed the definitive contract with Airbus Industrie, the European airliner manufacturing group, for the purchase of 28 advanced technology airliners – A-310s and A-320s – for delivery beginning in mid-1987.

The value of the deal, including engines, is $1.1bn, but is subject to escalation. The announcement was made yesterday at the opening of the Paris International Air Show by Mr Gerald Gitner, Pan Am's vice-chairman. He said the contract represented the final pbase of the preliminary agreement first announced last September between Pan American and Airbus Industrie.

The deal involves 12 wide-bodied A310 twin-engined medium to long-range airliners and 16 standard narrow-bodied A-320 airliners, also twin-engined but designed to carry about 150 passengers over much shorter distances.

Pan Am bas also taken options on another 13 A-310s and 34 A-320s, which, if turned into firm orders, would given Pan Am an Airbus fleet of 75 and making it the biggest user of Airbuses in the world.

Mr Gitner said that the financing for the deal would be through "normal commercial channels" and would involve nn export credit facilities. But he added that if requested by Pan Am, the manufacturers of the aircraft and the engines under certain circumstances would provide guarantees in connection with the financing.

Althougb Mr Gitner would not elaborate on this point, it is understood to mean that the manufacturer of both the aircraft and the engines would be prepared to make special arrangements on the financing to ensure that Pan Am got the aircraft it required when it wanted them.

It was also announced in Paris that International Aero Engines (IAE), the five-nation consortium building the new V-2500 jet engine for the new A-320 150-seater airliner had received orders from Airbus Industrie for up to 160 engines worth $640m, bringing total orders for that engine to $716m.

This deal includes the Pan Am order for engines for the A-320 together with orders for V-2500 engines for the A-320s already ordered by Cyprus Airways and Inex Adria of Yugoslavia.

The IAE consortium includes Rolls Royce of the UK and Pratt & Whitney of the U.S., each with a 30 per cent stake in the group, Japanese Aero Engines with 23 per cent, MTU of West Germany with 11 per cent and Fiat Aviazione of Italy with 6 per cent.

In addition to the IAE V-2500 engines for the A-320 airliners Pan Am bas selected for its A-310 airliners the new Pratt & Whitney PW-4000 turbo jet engine of advanced design which is already under development.

GE and Snecma deal, Page 6

Dassault insists on dominant technical role for new fighter

BY DAVID MARSH IN PARIS

DASSAULT-BREGUET, the French state-controlled aircraft manufacturer, made clear yesterday it was sticking to its demand for a dominant technical role in designing and building the jet figbter which five European countries hope to construct for the 1990s.

M Benno-Claude Vallieres, Dassault chairman, held out little hope for compromise over the aircraft, where talks between the five nations – Britain, France, West Germany, Italy and Spain – have shown recent signs of stalling.

At a press cooference at the Paris Air Show M Vallieres put forward less forcibly than in the past his plea for a 46 per cent share in the project. But be said Dassault's stake should take account not only of French requirements for about one third of the roughly 1,000 aircraft to be built, but also of export possibilities.

Additionally, Dassault needed "compensation" for giving up technology over the deal, be said, underlining that the company, with 30 years of experience in making delta-winged jets, was ahead of all other European aerospace companies in this area.

Dassault's line is opposed by British Aerospace, which is seeking at least 25 per cent of work for the project, a similar position to West Germany's.

M Vallieres said Dassault could be in "difficulties" if it accepted a lower share of the work. He thought this would be unacceptable to M Charles Hernu, the French Defence Minister.

He refused to predict whether talks on the five-nation project would eventually reach a successful outcome, saying only that the governments bad not even yet reached accord over the basic specifications of the fighter.

M Vallieres said that the design headquarters for the five-nation aircraft would not necessarily have to be in Dassault's own buildings. But he said the design centre should be in the Paris area, altbough it would include engineers from different participating countries.

Dassault's own version of the fighter aircraft, now called the Rafale, will fly in prototype form next May or June. The prototype has been under construction for some time at Dassault's headquarters west of Paris, but M Vallieres said that he would not yet be allowing journalists to take a look at it.

Ford puts in sealed bid for Hughes Aircraft

By Paul Taylor in New York

FORD MOTOR, the U.S. car maker, yesterday confirmed for the first time that it had made a "multi-billion" dollar bid for Hughes Aircraft, the nation's largest defence electronics contractor put on the auction block by the trustees of the Howard Hughes Medical Institute.

Ford is the first of several large U.S. corporations, which are believed to have submitted sealed bids for Hughes Aircraft to confirm officially its interest in the group, which had sales last year of $4.9bn and earnings of about $250m.

Other bidders who submitted offers to Morgan Stanley, the Wall Street investment bank which is handling the sale, by the May 16 deadline are believed to include General Motors and Boeing. Allied Corp and Signal Companies publicly pulled out of the bidding after deciding to launch a $5bn merger.

Ford's confirmation of its bid came in an updated Ford and Ford Motor Credit prospectus which it said will permit the company and its subsidiaries to resume normal financing transactions which had been temporarily suspended pending the prospectus update.

The motor group said it believed one or more other corporations may also have bid for Hughes Aircraft and added it is uncertain whether its offer will be accepted.

"If the company should be the successful bidder, it would be required to make a very large outlay from its cash reserves. It is anticipated that the company would make offerings of securities prior to, or after, the closing of the transactions," said Mr Henry Nolte, Ford vice-president.

Morgan Stanley is currently reviewing the bids before making a recommendation to the nine Hughes Institute trustees who will make the final decision on the deal. A decision had been expected within one or two weeks after the bid deadline. The delay is believed to reflect the complexity of some or all of the bids which are thought to involve both cash and securities rather than the straight cash offers which had been expected.

Wall Street expects Hughes Aircraft to fetch between $4.5bn and $6bn – in line with some of the bids which are reported to total more than $5bn.

THE LEX COLUMN

Westland looks to the west

Westland's defence document is one of the more desperate recent exercises in the genre. Any document that throws in the actuarial surplus from a pension fund as a contingent source of working capital is asking a deal of tolerance from the Inland Revenue, as well as credulity from the shareholders. Equally, the implication that Westland might persuade a larger group to take on a minority position is expressing a flattering view of the management which is not widely shared outsida the company.

It appears that the existing management – which has run into well-known problems with its order book – has been facing difficulties in convincing outside sources of finance that Westland has a suitable business plan. That leaves it at an evident disadvantage to the Bristow consortium, which has at least persuaded a sufficiency of institutions that given £60m to spend in the business it would know what to do with it.

If the stock of Westland 30 helicopters could indeed be liquidated at a reasonable price, which the auditors are unwilling to assume outright, the company might still clutch at an independent future. This seems an outside chance at best. Shareholders are thus faced with the notional choice between a bargain basement disposal to some white knight yet to be identified by Westland's financial advisers – in London and New York – or opting for a part-share in the Bristow recapitalisation. That would doubtless involve clearing the balance sheet (if not the hangar) and clamping down on dividend distributions, in contrast with the present management's philosophy.

Whether Bristow actually has the marketing skill to recover the equity currently tied up in stock, or can bring in quite enough financial muscle to see Westland through the next cycle, is exactly what shareholders have to decide. Unless Westland does come up with an alternative saviour, the decision will not seem terribly complicated.

Boots

It may be that retailing analysts never suffer headaches, and that London pill-rollers never enter shops, for Boots always manages to get the worst of both worlds. Even after a respectable performance in the second half of the year to March, Boots is still trading at a large discount to both the stores and the pharmaceuticals sector.

As a retailer, Boots is obviously no Burton; but an underlying growth in retail margins in the year of nearly a tenth cannot be entirely due to cost-cutting and better stock control. Gross margins, too, are improving. If the shop-in-shop notion is not quite spanking new, it seems to be leading Boots into higher added-value and should secure decent, if unexciting, growth.

As a drugmaker, Boots is bound to stand at a discount to the Glaxos of this world so long as the succession to ibuprofen is unclear: two new drugs are still a long way from intensive clinical trials. Sales of the over-the-counter ibuprofen in the U.S. will hardly make up for the expiry of royalty income from Upjohn's prescription version, and the rest of the world looks unexciting. At this stage, Boots might do well to be thinking hard about a U.S. acquisition that could buy them a bigger share in profits from marketing its retail drugs.

Boots should just about keep up momentum this year and achieve prospective pre-tax profits of £200m (excluding property disposal gains). This will scarcely draw addicts of either sector into panic purchases of the shares.

IBL

History seems in some respects to weigh against the stock market prospects of computer leasing companies; all leasing in the UK is popularly supposed to be in long-term decline, thanks to the phasing out of capital allowances, while computer leasing retains a whiff of notoriety – even six years after the collapse of a pioneer computer leasing company sent a shudder through the Lloyd's insurance market.

Despite this unpromising backdrop there should be little difficulty in justifying the £100m capitalisation which has been put on IBL, one of the largest computer leasing companies currently operating from the UK. Like the industry as a whole, IBL has been growing very rapidly, and although it has clearly done as well as anyone else from tax-inspired business since the 1984 budget, there is a good case for seeing future growth which has little to do with tax.

Although it takes a turn from pure leasing finance, IBL would claim that its real commercial strength comes from a combination of a secure customer base – leasing automatically tends to lock customers into their suppliers – and from the ability to switch its hardware between a number of international markets; IBL is less exposed to individual economies than its competitors and better placed to exploit international price differentials. Since it is also relatively conservative in the amount of residual resale value taken into profit as leases are written, the 140p offer price represents a useful starting discount to such forerunners as Atlantic Computers and United Leasing.

BP moves into U.S. chemicals

BY IAN HARGREAVES IN LONDON AND OUR NEW YORK STAFF

BRITISH PETROLEUM yesterday announced two separate takeovers designed to expand the oil group's interests in speciality chemicals.

The company said it would pay Reichhold Chemicals of the U.S. $30m to $40m for a business which makes plastic coatings for electric cables. This is BP's first move inlo U.S. chemicals manufacture.

BP also agreed to pay £7m ($8.9m) for Mebon, a small UK manufacturer of paints and protective coatings. The directors of Mebon, whose shares are traded on London's unlisted securities market (USM), are recommending the 125p per share offer.

BP's purchase of Reichhold's polyolefin and vinyl material division represents a major expansion for its cable plastics business. The company, which bought Union Carbide's European interest in this sector in 1979, is already the leading European producer of this type of plastic.

Union Carbide is still the leading U.S. producer of power cable plastics. Reichhold, which employs 300 people in three manufacturing plants, ranks number three.

Power cable activities account for around 50 per cent of Reichhold's $90m annual sales. Other outlets for the division's products are automotive and mechanical goods, coated yarn and adhesives.

BP said the new activity would be run independently as a subsidiary of BP North America, to be called BP Performance Polymers. BP is on the lookout for further, related acquisitions.

BP Performance Polymers will be headed by Mr Axel Bresser, a German who worked for Union Carbide at the time of the BP wire and cable takeover.

For Reichhold, the deal is a further step in a restructuring designed to group the company's activities around its core businesses and to improve profitability.

The Mebon purchase marks BP's first venture into the paints and coatings business.

Mebon was started in 1963 by Mr Bill Meakin, 59, a paint industry executive and Mr John Bourne, 54, a chemist who bas developed a number of new processes.

The two founders, now joint managing directors, plan to stay with the company, but BP will put in additional senior management in a bid to expand sales, especially overseas.

Mebon was floated on the USM 18 months ago, at an opening price of 96p a share. Following poor first half results for the period to last October, when the company reported pre-tax profits of £213,000 on sales of almost £2m, the price slipped to a low of 55p.

The company, which makes coatings for galvanised steel and for oil surfaces such as transformer cooling fins and oil tanks, suffered badly last year because of the UK coal strike and because of a strike at another major customer in the bus-building industry. Mebon employs 100 people at its Nottinghamshire site.

Refinery closure, Page 8

S. African gold dealer in liquidation

BY JIM JONES IN JOHANNESBURG

THE South African Gold Coin Exchange (SAGCE), one of South Africa's leading krugerrand dealers, was yesterday placed in provisional liquidation after an urgent application by creditors to the Rand Supreme Court in Johannesburg.

Liquidation follows two weeks of voluntary judicial management since the SAGCE's owners sought temporary protectinn from liabilities in terms of guarantees to repurchase so-called "proof" krugerrands from clients.

The provisional liquidation coincides with the start of a police investigation into allegations of reckless trading and allegations that about R22m ($11m) in plant assets are missing.

As a means of expanding the market, the SAGCE's founder, Mr Elias Levine, developed a rating system for specially minted kurgerrands which ascribed a significant numismatic value to the coins over and above the intrinsic value of their gold content. This marketing strategy included an extensive and expensive advertising campaign and guarantees that proof krugerrands would be repurchased at higher prices in the future.

The ability to bonour these commitments depended to a considerable extent on the SAGCE's own ability to maintain prices at levels which many analysts believe to be excessively high.

In the past few months, prices have declined despite the SAGCE's efforts

U.S. urged to cut deficit

Continued from Page 1

encourage the growth of imports, and various measures to liberalise its financial markets and make yen assets more attractive overseas.

In its forecasts, the OECD says that the average growth rate of the 24 economies is likely to slow from 3¼ per cent this year to 2¾ per cent in 1986, with those figures mirroring exactly the expected performance of the U.S.

The rise in output in Japan is predicted to fall back to 4½ per cent in 1986 from 5¼ per cent this year, while European growth is likely to remain steady at 2¾ per cent.

It stresses, bowever, that there are a number of factors thet could put the recovery at risk. Those include the high U.S. budget and current-account deficits, continuing high interest rates and exchange-rate volatility, and the precarious position of many developing countries.

While the outlook for OECD inflation points to another sligbt fall to 4½ per cent on average by the second half of next year, Europe's poor employment performances may well persist even beyond 1986.

Lear Fan buyer sought

Continued from Page 1

Rinaldo Piaggio of Italy. Japanese groups might also be interested.

Dr Rhodes Boyson, Industry Minister at the Northern Ireland Office, admitted on Wednesday, after announcing the appointment of Mr Jordan, that Lear Fan was a high-risk venture, involving private investment of some £79m on top of the public funds.

Mr Jordan, who spent Wednesday in Belfast, said anyone becoming involved in the project would receive royalties on future production. "It's certainly no fault of the workforce that it has failed. With very advanced technology, it's very difficult to avoid problems."

He added: "The concept of the aircraft is probably brilliant. Bill Lear, if he had been alive to see it through, would probably have got it through." Mr Lear had finished work on the design just before his death in 1978 and asked his wife, Moya, to put it into production.

The Lear Fan, of which there are two prototypes in Reno, was to be produced as a 10-seater aircraft, flying at over 40,000 feet, powered at speeds over 400 mph by a single turbo propeller in the tail. It would use under half the fuel of heavier, metal aircraft.

Mr Jordan said the Lear Fan was still some way from production. Even without full accord on the technology rights, the project could still be transferred to another company if all parties agreed.

Investors who had paid out advance deposits on the Lear Fan jets and were now claiming "very substantial sums" in the U.S. may also have some rights to the technology, he said.

If successful, the Lear Fan project would provide some 2,800 potential jobs in Northern Ireland. The project's failure follows embarrassingly on the De Lorean car venture collapse, which resulted in the loss of £80m in public funds.

Mr Jordan emphasised that he saw no similarities between the De Lorean and Lear Fan cases. There have been no suggestions with Lear Fan that funds have been misused.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	22	72	Dubrovnik	C	19	66	Malaga	S	23	73	Salzburg	C	17	63
Akrotiri	F	24	75	Faro	F	21	70	Malta	C	26	79	Seoul	C	25	77
Algiers	S	24	75	Florence	F	25	77	Manila	S	36	97	Singapore	S	33	91
Amsterdam	S	20	68	Frankfurt	R	14	57	Miami	C	31	88	Stockholm	S	28	82
Athens	C	30	86	Funchal	F	20	68	Milan	F	25	77	Strasbourg	C	15	59
Bahrain	S	35	95	Geneva	C	18	64	Moscow	S	28	82	Sydney	C	20	68
Bangkok	R	32	90	Gibraltar	S	21	70	Munich	C	14	57	Taipei	C	26	79
Barcelona	S	22	72	Guernsey	S	14	57	Nairobi	F	21	70	Tangier	—	—	—
Beirut	S	27	81	Helsinki	S	24	75	Naples	S	24	75	Tehran	—	—	—
Belgrade	C	24	75	H. Kong	C	26	79	New Delhi	S	43	109	Tel Aviv	S	26	79
Berlin	C	20	68	Innsbruck	S	20	68	New York	S	22	77	Tenerife	C	22	72
Biarritz	F	25	77	Inverness	S	14	57	Nice	S	21	70	Tokyo	S	19	66
Blackpool	S	18	64	Istanbul	S	23	73	Oporto	C	21	70	Toronto	S	24	75
Bordeaux	F	24	75	Jersey	S	15	59	Oslo	S	18	64	Tunis	S	25	77
Brussels	S	23	73	Jo'burg	S	17	63	Paris	C	23	72	Valencia	F	24	75
Budapest	T	21	70	Las Palmas	C	23	73	Prague	F	18	64	Venice	S	26	79
B. Aires	S	14	57	Lima	S	20	68	Reykjavik	S	7	45	Vienna	C	27	81
Cairo	C	34	93	Lisbon	R	15	59	Rio de J'o	C	31	88	Warsaw	S	26	79
Cape Town	S	19	66	Locarno	S	23	73	Rome	S	23	73	Zurich	C	16	61
Caracas	R	27	81	London	S	17	63								
Casablanca	F	23	73	Los Angeles	C	24	75								
Copenhagen	S	16	61	Luxembourg	F	15	59								
Corfu	F	21	70	Madrid	S	26	79								
Dublin	S	18	64	Majorca	S	26	79								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Listings are incomplete as a result of technical problems at the London Weather Centre

U.S. growth predicted

Continued from Page 1

Non-farm productivity fell 2.5 per cent in the quarter, which saw economic growth come to a virtual halt, expanding at a real annual rate of only 0.7 per cent.

The slowdown in productivity will tend to reinforce the arguments of those economists who say that improvements in productivity trends in the past two years are largely cyclical and do not reflect a dramatic change from the slow productivity growth of the 1970's.

More worrying in the short term is the impact which the decline in productivity growth is having in increasing industry's unit costs.

N-station cost overrun suit

Continued from Page 1

has led to a rash of programme cancellations in recent years. Two stations largely complete are being converted to coal firing.

Halliburton's share price rose $1 to $31⅛ yesterday on the news, but the group's stock is trading at well below its high point of $87 recorded in 1980. The company said yesterday that earnings this year might well be lower than the net profits of $330m it achieved on sales of $5.4bn in 1984. With the addition of the charge, which represents the total post tax cost of its $750m settlement, it would be in loss.

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SECTION II – COMPANIES & CAPITAL MARKETS
FINANCIAL TIMES
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SOVIET ORDERS BRING NEW HOPE FOR STEEL PIPES DIVISION

Mannesmann doubles profits

BY PETER BRUCE IN BONN

MANNESMANN, the West German engineering group, has followed up its announcement earlier this month of an unchanged DM 4 dividend for 1984 by disclosing a near doubling of worldwide profits.

Dr Joachim Funk, a main board director, said group net profits had risen about 96 per cent to DM 188.46m ($61.4m) last year and turnover in the first quarter of 1985 at DM 3.5bn was 15 per cent up on the first three months of 1984.

He said total 1984 turnover rose 12 per cent to 15.8bn and noted that the profits rise had been achieved despite deepening losses in the group's steel pipes operations, once the mainstay of the company, and which still outsold any other division.

Mannesmann's steel pipes business lost DM 216.5m last year, after losing DM 183m the year before. However, Dr Funk said pipes had moved into the black in the first three months of 1985 and production at the start of the year had risen 12 per cent over the same period last year.

Total turnover in the pipes division reached DM 4.8bn last year, e small increase on 1983, but much of this year's recovery could be explained by a major influx of orders from the Soviet Union.

Mannesmann's recovery last year was helped especially by orders outside West Germany, a phenomenon common to most German manufacturers. Exports rose 22 per cent to more than DM 7bn, while domestic turnover actually fell 8 per cent. The export share of total sales rose to 58 per cent from 52 per cent a year earlier.

The group's Rexroth division, a hydraulics and drive component specialist, boosted turnover 14 per cent to DM 1.4bn. Hartmann and Braun, which produces electronic process plant controls, increased sales by some 10 per cent to DM 740m. Mannesmann Kienzle, the group's data systems and computer house, boosted turnover nearly 20 per cent to DM 1.2bn.

Demag, the group's biggest subsidiary, increased sales 11 per cent to DM 3.2bn, helped mainly by strong demand for metals, plant and plastics technology and by heavy sales abroad by its materials handling business. Some large orders also helped Mannesmann's industrial plant division raise turnover 58 per cent to DM 1.6bn.

Probably the most satisfying results last year, however, came from the group's Brazil division, which returned to profitability after major losses in 1983. Dr Funk said steel output in Brazil reached a new record and seamless pipe output rose two-thirds to 325,000 tonnes. Turnover rose 62 per cent to DM 1.2bn.

Dr Funk said the dramatic job cuts initiated after the group's poor performance in 1983 had come to an end, and a number of large divisions were beginning to hire again.

He said the decision not to raise dividends on the back of the sharply improved profits was based on the fact that, while profits had fallen 66 per cent in 1983, dividend payments had only been cut by a third. Last years profits, although welcome, had also not matched those of "earlier years." Mannesmann last paid a DM 6 dividend in 1982, when net profits totalled DM 280m.

Clore to take back seat at U.S. group

By William Hall in New York

MR ALAN CLORE, the wealthy British investor, has stepped down as chairman of Gulf Resources and Chemical, a Houston-based natural resources group which has been under attack by a group of dissident shareholders, who argued that Mr Clore had failed to maximise the company's value.

Mr Robert G Boulton, who served as an interim chief executive of the company for two-and-a-half years until March 1985, has taken over as chairman, and Mr Seymour Graubard, another board member, has been elected vice-chairman of the company. Both men have served on the Gulf Resources board since 1982 when Mr Clore, son of the late Sir Charles Clore, founder of the Sears Holdings empire, took control of the company after a bitter proxy fight.

Mr Clore has reduced his stake in the company from 28 per cent to around 20 per cent, but a Gulf Resources official said he expected him to retain a sizeable stake in the company, where he is the biggest shareholder. He will remain a director.

Mr Clore cited the time requirements of his other business commitments in resigning his position.

Gulf Resources also released the final count of the recent proxy battle. Shareholders controlling 39.36 per cent of the company voted for the management's board of directors while 33.36 per cent voted for the rival board put up by the dissident group of investors led by Mr David McKane, a private U.S. investor, and Mr Bengt Odner, a London-based businessman.

Meanwhile, Gulf yesterday announced the sale of its important Lithium Corporation of America subsidiary, the largest producer of lithium in the non-communist world, to FMC, the U.S. defence and oilfield equipment group.

Cofima emerges as new bidder for SME foods group

BY JAMES BUXTON IN ROME

PRIVATISATION plans for SME, the foods subsidiary of the Italian state industrial holding company IRI, took a new turn yesterday when IRI received yet another bid for the company at a price higher than that already agreed with Buitoni, the private sector food manufacturer.

The bid came from Cofima, a small company in southern Italy belonging to businessman Sig Giovanni Fimiani. It is worth L620bn ($310m).

On Tuesday IRI received an offer worth L600bn from Ferrero and Barilla, which are both in the food manufacturing sector, and Fininvest, a company whose interests are primarily in television and property which is controlled by Sig Silvio Berlusconi.

This compared with the price of L497bn which Sig Carlo de Benedetti, chairman of Buitoni (as well as of Olivetti) agreed in late April to pay for 64 per cent of SME (Societa Meridionale Finziaria). The contract was easily the biggest privatisation in Italy, and was shortly afterwards approved by the boards of both Buitoni and IRI.

But the deal provoked a serious row within the Italian Government. The dispute is mainly between the Christian Democrats, who favour the deal struck by Sig Romano Prodi, chairman of IRI, and the Socialists, the party of Sig Bettino Craxi, the Prime Minister, which raised several objections to it.

On Monday, however, an inter-ministerial committee agreed that SME could be sold, but asked IRI to consider a second offer for the company put forward by Professor Italo Scalera, a leading lawyer, on behalf of unnamed companies. That offer was worth L550bn.

Professor Scalera never presented details of his offer and later withdrew it but, as he did so, IRI received the offer from Ferrero, Barilla and Fininvest.

The consortium claimed to have expressed interest in buying SME before the Buitoni offer but said it had received no response. This, however, is denied by IRI, which said it had received no expressions of interest from the three companies in the outright purchase of SME.

Italian telecom flotation planned

By Alan Friedman in Milan

SIRTI, the Italian state-controlled telecommunications installation and maintenance company, will offer 40 per cent of its shares on the Milan bourse for around L200bn ($101m). The issue is the largest partial privatisation of an Italian state company on the stock market.

Dr Francesco Gelfi, managing director of Milan-based Sirti, said he expected the shares to begin trading on the bourse towards the end of July. The share offer, underwritten by a consortium of banks led by Banca Commerciale Italiana (BCI), will be opened for public subscription on June 10. Closing date is June 21.

The last major partial privatisation of an Italian state company through an issue on the bourse was last year's successful sale of 20 per cent of Saipem, the pipelaying and drilling company controlled by the Eni state energy group. That issue raised L120bn.

The Sirti issue, following Saipem and the current tangled negotiation over the sale of the SME foods group, is another sign Italian state industry is moving to at least partly privatise several companies.

Sirti is 95 per cent owned by the IRI-Stet state holding group. The remaining 5 per cent is held by Pirelli (3 per cent), Ceat Tyre and Cables (1 per cent) and an Italian subsidiary of ITT of the U.S. (1 per cent).

Sirti will offer 52.3m ordinary shares, of a total of 130m shares, in a deal which will privatise 40.25 per cent of the company. Last year Sirti recorded a net profit of L54.5bn, an increase of 29 per cent on 1983 results. The company's total revenues last year came to L458bn, up 2.3 per cent.

Sirti employs 5,850 workers, of whom 3,000 are in Italy. The company last year derived 15 per cent of its turnover from outside Italy.

TWA looks at leveraged buyout plan

TRANS WORLD Airlines, the U.S. carrier, is considering a leveraged buyout in which management and employees would borrow enough to purchase all the company's stock, reports AP-DJ in New York.

Eastern Airlines has also said it is studying whether it might be interested in acquiring part or all of TWA.

Either move might thwart a takeover bid by Mr Carl Icahn, the U.S. financier who owns 25 per cent of TWA's stock. Mr Icahn has told TWA he would offer shareholders $18 a share, or about $600m for the remaining 75 per cent.

TWA's board has rejected Mr Icahn's offer as inadequate and said it will seek a better offer. If one is not forthcoming within 60 days, the board said it would then relay the Icahn offer to stockholders.

Reed to sell building products business

BY ALEXANDER NICOLL IN LONDON

REED INTERNATIONAL, the UK publishing, paint and paper group, yesterday put its building products business up for sale. The move is the last stage of a divestment programme which has included Mirror Group Newspapers and its wallpaper and paper merchanting subsidiaries.

Mr Leslie Carpenter, chief executive, said Reed would be disappointed if it sold the building products businesses for less than the capital employed in them – put at £103m ($128m).

Reed's divestments are part of a strategy to focus on a narrower range of activites. The strategy has also involved £70m of acquisitions in the past year including expansion of the company's magazine and paint interests.

Still for sale is Sanderson, the UK furnishing fabric manufacturer.

Mr Carpenter said he expected to announce its disposal to a U.S. company within the next few weeks.

The businesses to be sold now include bathroom furniture companies in the UK and the Netherlands, the shower equipment and fluid control business of Walker Crosweller, and a number of plastic products, drainage and double glazing companies.

Together, they had trading profits of £8.9m in the year ended March 31, 1985, on turnover of £194m. Mr Michael Collins, 58, is resigning as chief executive of the division and as a Reed director, and may seek to buy some of the businesses being sold.

Last year, Reed's plans to float off Mirror Group Newspapers were abandoned when Mr Robert Maxwell's Pergamon Press bought the company for £113m.

New $100m credit launched for Hungary

By Peter Montagnon in London

THE National Bank of Hungary has followed its $300m World Bank co-financing with the launch of a new $100m, eight-year credit in the Euromarkets.

The deal, led by Arab Banking Corporation, Bank of Tokyo, Chemical and National Westminster, will bear a margin of ⅜ per cent over Eurodollar rates, the same as the World Bank credit, though it will not be a co-financing.

Hungary decided to tap the market after its co-financing attracted substantial oversubscription, underlining heavy demand for East European credits

Unlike other recent East European borrowings, the co-financing could not be increased because it formed part of a World Bank agreed programme.

Enskilda sets up U.S. fund

BY WILL DAWKINS IN LONDON

ENSKILDA Securities, the London-based investment banking subsidiary of Skandinaviska Enskilda Banken, the biggest commercial bank in Sweden, has raised $20m for a venture capital fund to invest in the southern U.S.

The Confederate Venture Fund claims to be among the first venture capital operations to specialise in the region. It aims to be fully invested within three years and has already put £2.5m ($3.15m) into six companies in industries as diverse as shoe retailing, nursing homes, prison building and management and computer software.

The fund is incorporated in the Cayman Islands and managed by Enskilda Bermuda with Massey Burch, a Nashville-based venture capital group headed by Mr Jack Massey, chairman of Kentucky Fried Chicken Corporation from 1964 until his retirement in 1971.

Mr Herman Leslie Melville, Enskilda Securities' chief executive, said the cash had been raised from an even mix of private investors, companies and financial institutions in the UK, Scandinavia, Switzerland and Canada.

Closure costs hit Stevens

By Our Financial Staff

J. P. STEVENS, the big U.S. textile group, suffered a $4.85m loss in the second quarter, following a $11.7m charge related principally to the costs of closing three clothing fabric plants.

The loss, equivalent to 28 cents a share, compares with profits of $4.6m or 25 cents a year earlier, and takes profits for the six months ended May 4 to $7.1m or 40 cents, against $8.4m or 46 cents.

Restructuring charges in the six months totalled $16.4m, offset by a capital gain of the same amount from the sale of a subsidiary. Sales slipped from $550.1m to $473.9m in the second quarter.

MCI seeks permission to cut telephone tariffs

BY OUR FINANCIAL STAFF

MCI Communications, the Washington-based telecommunications company, said it will file with the Federal Communications Commission for rate revisions to reduce long-distance telephone charges to most of its business and residential customers.

The changes, which will take effect on July 1, represent a further move in the increasingly competitive battle between MCI, the other independent telephone companies, and American Telephone & Telegraph.

MCI said the changes would reduce rates for residential and business services by up to 11 per cent.

Other rate changes include elimination of monthly fees for its advantage service customers who bill more than $200 a month, the company said.

MCI said the revised rate schedule will keep its domestic long distance service charges about 5 to 35 per cent below those of AT&T.

Charges for MCI customers with leased lines will be about 15 per cent below its chief competitor and direct dial international calls will be about 5 to 20 per cent below, MCI said.

Elf warns of first-half fall

By Our Financial Staff

ELF AQUITAINE, the French state-controlled oil company whose profits rose strongly for 1984, expects a substantial downturn during the first six months of this year.

M Michel Pecquer, the group chairman, said half-year earnings were likely to decline to FFr 3.2bn against the FFr 4.6bn turned in for the first half of 1984.

This prospect contrasts gloomily with the strength of profits in 1984 when net earnings rose to FFr 8.5bn

The result allowed Elf to step up its dividend from FFr 12 a share to FFr 13.50. Profits after tax in 1983 totalled FFr 3.7bn.

INTERNATIONAL BONDS

Borrowers drawn to partly-paid deals

BY MAGGIE URRY IN LONDON

PARTLY-PAID issues are becoming the fashion among Eurodollar bond issuers, giving borrowers very attractive swap terms. Yesterday the European Investment Bank launched a $200m partly-paid deal, led by Bankers Trust, and Austria launched a partly-paid zero coupon bond.

The EIB bonds have a five year life and the coupon was set at 10 per cent. With issue price at 100⅜ and fees totalling 1⅞ per cent, traders regarded the terms as rather tight. The issue was said to be moving slowly, bid just outside the fees.

Of the issue price, $25⅜ is payable in June and the remaining $75 is due in November. Dealers argued that the five-year life did not give sufficient leverage to make the partly-paid feature attractive.

Late in the day Morgan Guaranty launched e partly-paid zero coupon bond issue for Austria, also swap related. The redemption value of the issue is $257.5m and the bonds have a 10-year life. Issue price is $38.83 of which $9.83 is payable in July with the other $29 on December 17 this year. Fees total $1¼ but the issue came too late to trade actively.

The International Finance Corporation, a World Bank affiliate which lends to private sector companies in developing countries, has launched its second borrowing on the Euromarkets in the form of a $50m, 10 year private placement led by Nomura International.

Proceeds of the deal are to be swapped into floating rate dollars at a rate "well below six month Libor," the IFC said yesterday. Terms on the placement, which includes a zero coupon tranche, are not being disclosed, but are understood to be close to the yield on equivalent U.S. Treasury bonds.

BHF Bank bond average		
May 30		Previous
102.641		102.609
High	1985	Low
102.860		99.840

Eurodollar fixed rate bond prices were little changed yesterday. Traders were surprised thet the U.S. Treasury's auction of a targeted bond gave the Treasury a yield as much as 19 basis points below the domestic portion of the auction. However, some pointed out that about 70 per cent of the $1bn directed to foreign investors was bought by Japanese houses.

The D-Mark Eurobond market was alive with new issues, all led by Deutsche Bank. The expected DM 250m floating rate note deal for Banque Nationale de Paris was launched. It has a seven year life and pays interest at 1/16 per cent over the six month London interbank offered rate, which compares with a spread of ⅛ per cent for Sweden's issue. Front end fees are 20 basis points, plus a 10 basis point listing fee, and the issue was trading well within commissions offered around par.

With Deutsche as a co-lead manager was CSFB Effectenbank – the first co-lead position for a non-German owned bank. Dresdner Bank was also a co-lead manager.

Deutsche Bank was sole lead on a DM 100m 10 year straight issue for Malaysia – that country's longest dated bond issue in D-Marks yet. The coupon was set at 7½ per cent and issue price at par. The bonds were trading within the 1½ per cent selling concession.

The third D-Mark deal was for Fujitsu, the Japanese computer group, which also raised SwFr 400m in the Swiss franc foreign bond market yesterday. The bonds are convertible into shares at a 5 per cent premium and the coupon is indicated at 2¾ per cent, the lowest seen in the D-Mark market. The bonds were trading close to their par issue price.

Fujitsu has not launched a D-Mark issue for seven years, though the company has a large export quota to West Germany. It has a substantial investment programme and the shares have been strong performers on the Tokyo Stock Exchange.

The Bundesbank announced the total D-Mark Eurobond issue volume for June which amounts to DM 2.855bn. Nine straight issues are due totalling DM 1.035bn, two floaters will raise DM 1bn – one of which is for Ireland – and four zero-coupon bonds will raise net proceeds of DM 550m.

The D-Mark bond market was a touch firmer yesterday in response to the gains in New York.

European currency unit bond issues were also appearing thick and fast. Banque Paribas launched an Ecu 75m issue for Sumitomo Bank through its Asia subsidiary. This has an eight-year life and a 9 per cent coupon with issue price at 100⅜. The proceeds are being swapped into floating rate funds.

Société Générale brought an Ecu 30m deal for Andelsbanken Danebank with a seven-year maturity and 9¾ per cent coupon, priced at 100⅜. Both issues were trading at around a ½ point discount to issue price and with the Ecu market continuing to go well more deals are expected.

In the Swiss franc foreign bond market Fujitsu launched a two-tranche convertible issue. The shorter, a five-year private placement, is for SwFr 250m with the yield indicated at 1½ per cent. The other portion is a SwFr 150m public issue with a maximum life of eight years and an indicated yield of 1¾ per cent. Credit Suisse is lead manager on both deals.

SBC fixed the final terms for Electric Power Development's SwFr 100m public issue at a 5⅜ per cent coupon and 99½ issue price compared to the indicated yield of 5¼ per cent.

Trading was quiet, with prices little changed, in the Swiss franc foreign bond market.

The Euro-Australian dollar bond market remains strong and Orion Royal Bank launched a A$40m issue yesterday for National Australia Bank. This has a seven year life, a 13¾ per cent coupon and a 100⅜ issue price. With Eurobond yields well below domestic yields the swaps are very attractive to the borrowers. The issue was trading well, close to the issue price.

In the Euro-Danish krone bond market OKG, the Swedish nuclear power group, launched a DKr 250m six year deal. The deal, led by Copenhagen Handelsbank, has an 11¾ per cent coupon and par issue price and was trading inside the 1½ per cent commissions.

In the Samurai bond market Quebec raised Y30bn with a 10 year issue. Nomura Securities set the coupon at 7 per cent and issue price at 99.80.

International bond service, Page 19

Four city banks suffer setbacks

BY CARLA RAPOPORT IN TOKYO

FOUR OF Japan's 13 big commercial banks, called city banks, registered a drop in pre-tax profits for the year to March, despite locreased revenues across lhe board.

Of the remaining nine banks, profit growth varied widely, with the Bank of Tokyo showing a 40 per ceot increase at the pre-tax level and Sanwa Bank 30 per cent. Among those showing falls were Sumitomo Baok, Japan's largest city bank, and Fuji, the second largest.

Sumitomo, the only bank to provide any commant on its figures yesterday, hlamed its 4.2 per cenl decrease in net income in the year on a drop in revenues from domestic operations and a substaotial increase io capital expenditure, particularly for expanding tbe bank's electronic banking system.

Tbe increasingly international nature of the Japanese banks was apparent in the figures, which showed that all but one had boosted overseas revenues markedly in the year. Among lhe larger city banka, Sumitomo, Mitsuhishi and Dalichi Kangyo showed the best advances in revenues from overseas activities.

Most Japanese banking analysts track the bank's profits before securities gains, because movemeots in the banks' huge stock portfolios can sometimes distort the net income figure. At this level, all but three banks showed a decrease in profits, ranging from 1.6 per cent drop al Tokai Bank to a 29.9 per cent fall at Taiyo Kobe Bank.

JAPANESE COMMERCIAL BANKS

Parent company results, year to March 1985 (March 1984) Figures in Ybn

	Gross revenue		Pre-tax-profits		Before securities transactions		Net profits	
Sumitomo	2,056	(1,662)	158.48	(167.33)	134.94	(150.10)	75.04	(78.36)
Fuji	2,056	(1,685)	144.67	(152.60)	107.36	(127.22)	68.76	(73.02)
Dalichi Kangyo	2,230	(1,787)	133.99	(137.00)	113.86	(110.99)	60.13	(56.34)
Mitsubishi	1,929	(1,548)	132.60	(130.70)	112.56	(114.06)	62.14	(60.14)
Sanwa	1,862	(1,545)	138.44	(106.41)	90.21	(92.04)	58.65	(55.88)
Tokyo	1,414	(1,213)	87.97	(62.46)	50.39	(43.97)	30.29	(27.14)
Mitsui	1,341	(1,131)	74.24	(62.54)	45.49	(52.62)	35.05	(33.01)
Tokai	1,305	(1,033)	80.10	(74.51)	59.03	(60.01)	38.63	(36.74)
Taiyo Kobe	1,060	(888)	51.83	(51.16)	33.18	(47.35)	19.25	(20.04)
Daiwa	705	(587)	35.29	(41.49)	16.37	(23.11)	16.09	(15.67)
Kyowa	649	(527)	36.36	(32.56)	22.87	(29.16)	14.24	(13.16)
Saitama	631	(520)	39.48	(32.89)	25.80	(31.69)	14.93	(14.45)
Hokuetsu	571	(434)	27.37	(23.55)	15.53	(12.63)	9.71	(9.61)

Mitsubishi lifts Hyundai stake

By Our Financial Staff

THE MITSUBISHI group of Japan is to hoost lts stake in Hyundal Motor of South Korea to 15 per cent from the present 10 per cent. The move forms part of a planned capital increase hy the Seoul company in order to finance an expanded assembly capacity.

Hyundai is due shortly to increase its capital to 114.3hn won ($131.5m)

Container demand boosts Japanese shipping lines

BY YOKO SHIBATA IN TOKYO

COMBINED PRE-TAX profits of Japan's six big shipping lines recovered to Y17bn ($67.7m) in the year to March from losses which lhe previous year totalled Y2.3bn.

The improvement reflected active container demand on North American routes, comhined with higher revenue, on dollar-denominaled freighl resulting from the yen's sharp depreciation.

Four of the lines omitted tbeir annual dividend, however, indicating the depth of the recession in the shipping market.

Container services to the U.S. returned to a profitable level during the year, while active demand for carriers of iron ore, coal and cars also helped. Tanker operations, where overcapacity problems are acute, remained in the red.

Stronger than expected earnings were reported hy Nippon Yusen Kaisha (NYK), the largest in the sector, with a favourable contribution from lts car carrier and liner services. At the interim stage last September, NYK had forecast an earnings setback for the full year. Instead, taxable profits rose 45.7 per cent.

Similarly, better business for its liners and cargo service hrought a doubling of pre-tax profits at Mitsui OSK Line. Thanks to progress made in shedding lossmaking tankers, results at Kawasaki Kisen Kaisha (K-Line) emerged more than nine times higher, although provisions for future write-offs meant that the company did not restore its dividend.

Minimal progress was made by Japan Line, engaged in a business reconstruction programme, as it remained beleaguered hy the oil tanker recession.

It has been reducing its fleet of very large crude carriers, and expects losses to be halved in the current year. Both Yamashita-Shinnihon Line and Shnwa Line reported net losses, affected by delays in steps to shed their lossmaking vessels.

In the year to next March the companies expect slower growth of seaborne cargo resulting from a slowdown in the world economy. Tanker operations are expected to remain depressed, while a return to losses is feared by overcapacity from the cargo side, which is increasing deliveries of new bulk carriers. The liner business is also expected to show the effects of stiff competition

JAPAN'S BIG SIX SHIPPING LINES

Parent company results, year to March 1985 (March 1984)

	Sales (Ybn)	Pre-tax profits (Ybn)	Net profits (Ybn)	Dividend (Y)
NYK	573	15.18	2.66	4
	(585)	(10.42)	(10.77)	(4)
Mitsui OSK	516	11.09	7.10	4
	(491)	(5.53)	(1.84)	(4)
K-Line	399	7.06	3.28	0
	(353)	(0.73)	(1.36)	(0)
Japan Line	218	−14.40	−8.59	0
	(217)	(−14.85)	(−9.33)	(0)
YS Line	199	−2.26	−4.56	0
	(189)	(−3.12)	(−4.07)	(0)
Sbowa Line	101	0.34	−2.25	0
	(150)	(−0.98)	(−1.75)	(4)

Top NZ groups face questions on share links

By Dai Hayward in Wellington

THE interlocking shareholdings and common directorships of three of New Zealand's top companies — the Goodman group, Wattie Industries, and NZ Forest Products—have been called into question by the Commerce Commission.

It suggests the close relationships — particularly between Goodman and Wattie, which are both heavily involved in the food business — could restrict competition in New Zealand's domestic markets.

Goodman has 35 per cent of Wattie which in turn holds 23 per cent of Goodman. Wattie recently acquired Goodman's 50 per cent stake in their jointly owned Dominion Industries—the vehicla used to acquire a shareholding in NZ Forest Products.

The acquisition gave Wattie 24.9 per cent of NZFP, which also has 24.9 per cent of Wattie's. Between them, Goodman and NZFP own 60 per cent of Wattie Industries.

Goodman and Wattie have six directors in common out of a board of 12 for each company. As the chairman has a casting vote, the commission suggests this could give control to the same seven people.

Interest rate experiment abandoned by India

By John Elliott in New Delhi and R. C. Murthy in Bombay

AN EXPERIMENT aimed at introducing flexibility into short-term interest rates paid by Indian banks has been abandoned by the Reserve Bank of India (RBI) after less than a month's full operation.

Government-owned banks, which account for more than 95 per cent of the country's banking system, opposed this attempt to relax banking controls and forced the central bank to back down.

They won their argument after a large amount of funds moved into the short-term accounts which were offering high rates of interest.

The Indian Government is keeping its distance from the row that his broken out. But it approved the broad approach of the RBI, which was in line with attempts made since Mr Rajiv Gandhi became Prime Minister seven months ago to open up business to competition and to increase efficiency.

Mr R. N. Malhotra, RBI governor, has told the banks in a letter that they had prevenled the emergence of efficient portfolio management by failing lo fix interest rales that would prevent large-scale switching of funds.

But Mr J. S. Varshneya, chairman of Punjab National, one of the country's largest banks, claims that the additional interest burden would have cost the banks Rs 5bn ($403m) in a full year.

The RBI started the experiment early in April. It lifted controls which fixed an interest rate of 3 per cent for short-term deposits of less than a year, allowing the banks to set their own rates up to a ceiling of 8 per cent.

Immediately the Government-owned banks jointly agreed within their own Indian Banks' Association to apply a general rate of 4 per cent.

Bank of America led a counter-move by foreign banks and offered 8 per cent, the spirit of the experim...

To prevent an outflow of funds, the Government-owned banks also moved to 8 per cent

INTL. COMPANIES & FINANCE

Abitibi-Price shelves share offer as market value soars

BY BERNARD SIMON IN TORONTO

ABITIBI-PRICE, the Canadian newsprint and forest products group, has postponed its first share offer in 70 years amid speculation on plans for the company by controlling shareholders Toronto-based property group Olympia & York.

Abitibi's share price has soared on the Toronto stock exchange in recent weeks, reflecting rumours that the company will be n major beneficiary of Olympic & York's plans to buy a controlling interest in Gulf Canada from Chevron of San Francisco.

Mr Ken Stevens, Abitibi's senior vice-president for finance, said yesterday the company would defer the share issue "until the situation is clarified."

Abitibi planned to raise between C$150m and C$200m ($109m to $146m), partly to help finance future acquisitions in new areas af business, such as paper distribution. A team of Abitibi officials was due to begin presentations to European analysts and institutional investors in London next week.

Although the high share price would have virtually guaranteed the issue's success, the company is anxious to avoid later criticism that it took advantage of what may turn out to be a temporary burst of speculation.

Neither Olympin & York, n private company controlled by the Reichmann family, nor Abitibi has given any indication af future plans stemming from the C$3bn acquisition of a Gulf Canada stake announced last week. Olympin owns 93 per cent of Abitibi's shares. The proposed share issue would reduce its stake to between 80 per cent and 85 per cent.

Abitibi's share price stood at C$19 an the Toronto stock exchange shortly after yesterday's announcement. A three-for-one share split took effect at the beginning of May.

Kredietbank to acquire Hoop Offers

By Laura Raun in Amsterdam

KREDIETBANK of Brussels plans to take a 75 per cent controlling stake in Bank van der Hoop Offers, a small merchant bank in Rotterdam, in an further effort to internationalise both institutions' activities.

The share capital of Hoop Offers, which is a wholly-owned subsidiary of the Hudig-Langeveldt financial group, will be doubled to Fl 38.5m ($10.5m) through a new share offering. Hoop Offers' balance sheet totals Fl 813m.

Kredietbank, a leading Belgian bank, has sought to expand internationally recently with acquisitions of Irish and West German banks as well as affiliates in New York, London, Bahrain and Los Angeles.

Swiss Reinsurance expects static year

BY OUR ZURICH CORRESPONDENT

SWISS Reinsurance expects parent-company profits far 1984 to be about the same as the SwFr 90m ($34.8m) recorded for the previous year, thanks to a marked rise in investment income.

The Zurich-based company says difficulties in North American third-party business have led to an unsatisfactory underwriting result in casualty and non-life reinsurance. In 1983, there had been an underwriting loss of SwFr 258m within the group for this sector. Life reinsurance, which showed an underwriting profit of SwFr 38m for 1983, is said to have shown satisfactory results last year.

Premium income is expected to have risen by some 10 per cent over the year, about half due to currency changes. In 1983 group premium volume was almost SwFr 4bn.

● Winterthur Insurance reports "extremely vigorous growth" last year, with consolidated gross premium income up 28.2 per cent to SwFr 57 per share and participation certificate.

Consolidated profits fell over the year from SwFr 137.7m to SwFr 117.2m, but the company proposes a SwFr 4 increase in dividend to SwFr 57 per share and participation certificate.

At the June 27 annual meeting, shareholders will also be asked to approve a one for 11 rights issue of 100,000 registered shares, raising SwFr 70m. Shareholders will also vote on the creation of new participation-certificate capital.

Wienerwald continues recovery

By John Wicks in Zurich

WIENERWALD, the international restaurant chain, stayed in profit last year with operatinnal net earnings of SwFr 900,000 ($346,000).

The Swiss-based group, which went through major reorganisation after being faced with severe financial difficulties in 1982, showed a 1984 turnover of SwFr 380.7m, including the sales of franchises. This compares with a peak of SwFr 1.77bn in 1981.

After closing 45 restaurants – of which 42 were franchise outlets – last year, the group comprised 185 of its own restaurants and 153 franchise outlets. About 60 per cent of total 1984 turnover was accounted for by West German operations and almost all the rest by activities in Austria.

Despite the booking of a small net profit of some SwFr 400,000 last year, the Swiss holding company cannot yet resume dividend payments. Whea these begin, a priority dividend of 5 per cent will be reserved far Svido-Abwicklungsgesellschaft, a Swiss company formed by former creditors of Wienerwald Holdings.

Kronebanken merger talks

By Hilary Barnes in Copenhagen

KRONEBANKEN, threatened with closure last December after sustaining heavy losses, has opened negotintions for a merger with Provinsbank, based in Aarhus, Jutland.

Kronebanken said it expected a positive outcome to the negotiatians, probably by the end of next week.

Provinsbank turned down an option to acquire Kronebanken, a Zealand regional bank, in January, judging Kronebanken's losses of DKr 1.3bn ($117m) to be more than it was able to absorb.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 30.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10¾ 90	100	100¾	101¼	0	0	10.60
Amex Credit 12⅛ 86	150	106¼	106¾	+0⅛	+0⅞	10.20
Austria Rep 13⅝ 92	196	112¼	112¾	−0⅛	+0¼	10.96
Bank of Tokyo 13⅝ 91	100	110¾	111¼	+0⅛	+1	11.03
BP Capital 11⅛ 92	150	101⅜	102⅞	+0⅜	+1⅜	10.68
Caisse Nat Tels 13¾ 91	100	112¼	112¾	+0¼	+0⅛	10.82
Canada 11½ 90	500	105¼	105¾	+0⅛	+0¾	9.98
Canadian Pac 12½ 89	75	106½	107	+0⅛	+0¾	11.50
CBS Inc 11⅝ 92	100	102⅜	103⅞	−0¼	+0¼	10.63
Chevron U.S.A. 12⅛ 89	600	104½	105	+0¼	+0⅝	10.78
Coca Cola 11¾ 91	100	106¼	106¾	+0⅛	+0¾	10.28
Denmark Kingdom 11½ 90	100	102¼	102¾	0	+0⅞	10.82
Denmark Kingdom 11½ 92	100	101¾	102¼	+0⅜	+1⅛	11.05
Denmark Kingdom 13¼ 91	100	109	109½	+0⅛	+1⅛	11.10
Denmark 13⅞ 88 XW	100	† 108	108½	−0⅛	−0⅛	10.66
Denmark Kingdom 14 91	100	109⅜	109⅞	0	+0⅜	11.65
E.E.C. 11¼ 90	100	102¼	102¾	+0¼	+1	10.39
E.I.B. 13 96	200	109	109½	+0¼	+0¾	11.47
Export Dev Corp 12 89	100	105¾	106¼	0	+0¾	10.20
Exxon Capital Corp 0 2004	1800	† 13	13½	+0¼	+0½	10.95
Ford Motor Cred 11⅞ 95	100	99⅞	100⅜	+0⅛	+0⅞	11.58
IBM Credit 10⅞ 2000	300	100⅝	101⅛	0	+0½	10.24
IBM Credit Corp 11¾ 87	200	104⅞	105⅜	+0¼	+0½	9.16
Indust Bk Japan 12⅞ 89	100	108⅝	109⅛	−0⅛	+0¼	10.20
Indust Bk Japan 13¾ 91	125	114¼	114¾	+0⅛	+1½	10.52
Int-Am Dev Bk 12¾ 91	150	107⅜	107⅞	0	+0¾	11.00
Japan Air Lines 13⅜ 94	100	116⅜	116⅞	+0½	+1⅜	10.45
Kellogg Company 10⅞ 90	100	102	102½	0	+0¾	10.21
Kellogg Company 11¼ 92	100	103¾	104¼	+0⅜	+1½	10.36
L.T.C.B. 12⅞ 91	100	108	108½	0	+0⅝	10.98
Macy Cred Corp 11¾ 95	100	104¼	104¾	+0½	+1½	10.95
Mellon Bank 13 87	100	104⅞	105⅜	−0⅛	+0⅛	10.27
Merrill Lynch 12¾ 89	100	105¼	105¾	−0¼	0	11.04
Minnesota 11½ 87	100	103⅜	103⅞	+0⅛	+0⅛	9.72
Mitsubishi Corp 13¾ 88	100	† 110	110½	−0½	0	10.09
Montagu 13¼ 91	100	108¼	108¾	0	+0¾	11.89
Morgan Guaranty 12⅜ 89	150	105⅞	106⅜	0	+0⅝	10.51
Nippon Cred Bk 13⅞ 89	100	109¾	110¼	−0⅛	+0⅜	10.72
Nth America 12⅞ 91	100	105¾	106¼	−0⅛	0	11.43
Penney J.C. 12¾ 91	100	107⅜	107⅞	+0⅜	+1¾	10.98
Pru Realty secs 12⅛ 95	546	107	107½	0	+1⅛	10.85
Quebec Hydro 11½ 92	100	106¾	107¼	+0⅛	+1½	10.10
Ralston Purina 11¾ 95	150	104⅜	104⅞	+0⅛	+1⅝	10.95
Ralston Purina 12¾ 89	100	107⅛	107⅝	0	+0⅜	10.52
Royal Bk Can 12¾ 92 XW	100	103½	104¼	−0⅜	0	11.84
Saskatchewan 10 3/4 92	100	100⅛	100⅜	+0¼	+1¼	10.65
Saskatchewan 11 7/8 89	100	105¼	105¾	0	+1⅛	10.26
S.N.C.F. 12⅜ 92 XW	100	102½	103	−0⅛	+0½	11.77
Statoil 13½ 89	100	110¾	111¼	0	+0½	10.10
S Wales Trsy 11¾ 90	150	104¼	104¾	+0⅛	+0¾	10.52
Swed Exp Cred 12¾ 89XW	100	105⅞	106⅜	−0⅛	+0⅝	10.85
Sweden Kingdom 10⅝ 90	200	101⅛	101⅝	0	+0⅞	10.50
Sweden Kingdom 11½ 89	200	103⅜	103⅞	−0⅝	+0⅜	10.42
Sweden Kingdom 11¾ 94	100	104⅝	105⅛	+0½	+1⅜	10.88
Texaco Capital 12⅞ 87	300	104⅝	105⅛	0	−0⅛	10.28
Texaco Capital 13½ 89	200	109⅛	109⅝	+0¼	+0¾	10.57
Toronto Dom Bk 12½ 88	100	† 103½	104½	−1	+0½	10.76
Walt Disney Pro 12½ 87	150	† 104⅜	104⅞	−0⅜	+0½	10.11
Weyerhaeuser 12⅛ 87	150	103¾	104¼	+0⅛	+0⅛	10.20
World Bank 12¼ 94	150	107⅜	107⅞	+0⅜	+1⅛	10.80
World Bank 12⅞ 94	200	110⅞	111⅜	+0¼	+1½	10.89

Average price change On day +0⅛ on week +0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	102⅝	103⅛	+0⅛	+0¼	7.57
Austria Republic 7⅝ 94	200	101⅝	102⅜	0	+0⅛	7.30
Baxter Travenol 7¼ 94	200	101⅜	102⅛	0	0	6.97
Credit National 8⅛ 94	200	104⅛	104⅞	+0⅛	−0⅛	7.40
Degussa Int Fin 7½ 94	100	104⅝	105⅜	+0¼	0	6.71
E.E.C. 8 92	200	103⅝	104⅜	0	+0⅛	7.21
Escom 8 92	150	99⅞	100⅝	0	+0⅛	7.94
Ferrovie Dello Stato 8 91	100	102⅜	103⅛	+0⅛	+0⅛	7.39
Finland Republic 7 92	200	98⅝	99⅜	+0¼	+0¼	7.18
Gould Int Fin 7⅝ 91	100	104⅛	104⅞	+1¾	+2¼	6.68
Ireland 8¼ 92	150	102⅜	103⅛	+0⅛	−0⅛	7.60
Japan Fin Corp 7⅝ 91	100	102⅝	103⅜	0	0	7.09
Mitsubishi Hvy 3½ 89WW	300	109⅜	110⅛	−0⅛	+0⅝	0.90
Mitsubishi Hvy 3½ 89XW	300	90½	91¼	+0⅛	−0⅜	5.24
Mitsubishi Mat 3½ 89WW	100	99⅝	100⅜	+0⅛	+0⅛	2.12
Mitsubishi Mat 3½ 89XW	100	86½	87¼	+0⅜	−0⅛	6.54
S.K.B. 7½ 88	100	100⅜	101⅛	+0⅛	+0⅛	7.23
Pepsico O/S Fin 7¼ 94	250	102⅛	102⅞	+0⅛	0	6.85
Renown 3⅛ 99	80	101⅛	101⅞	+0½	−0¼	2.80
Reynolds O/S Fin 7⅜ 94	125	102⅞	103⅝	+0⅛	+0⅛	6.98
Societe Cent Nucleair 8 91	100	102⅝	103⅜	+0¼	+0⅜	7.37
Sth Africa Rep 8½ 91	200	102⅝	103⅜	0	+0⅜	7.88
Sth African Tran 7⅝ 92	100	96⅝	97⅜	0	−0⅛	8.10
World Bank 7¾ 89	100	101⅜	102⅛	+0⅛	+0⅛	7.10
World Bank 8 94	200	104½	105¼	−0¼	−0⅜	7.22

Average price change On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	† 101½	101¾	0	0	6.01
Asian Dev Bank 6⅛ 98	100	† 101¾	102	+0¾	+0¾	5.89
Avon Cap Corp 5⅝ 94	130	† 99	99¼	+0¼	+0¼	5.49
Brit Land Comp 6½ 99	75	† 103	103¼	0	0	6.10
Council of Europe 6 92	120	† 101½	101¾	0	+0¾	5.72
Creditanstalt 5½ 94	100	† 97¾	98	0	0	5.79
Deutsche Bk Fin 5⅝ 99	100	† 101¼	101½	+0¼	+0¼	5.19
E.I.B. 5⅞ 94	120	† 101	101¼	+0¾	0	5.71
Eurofima 5 97	100	†* 98¾	99	−0½	−0½	5.13
Eurofima 5¼ 95	100	†* 100½	100¾	0	0	5.17
Export Dev Corp 5⅜ 92	125	† 99½	99¾	0	−1	5.43
First Boston Inc 5¾ 94	98	† 101	101¼	+0½	−0¼	5.58
Gen Occidentale 6½ 94	80	† 108¼	108½	+0¼	+1¾	4.95
I C Industries 5⅜ 94	125	† 100	100¼	−0½	−1¼	5.60
Ind Fund Fin 5¾ 94	40	† 100½	100¾	+0¼	+0½	5.66
Int-Am Dev Bk 6⅛ 94	120	† 101¼	101½	0	−1¼	5.92
New Zealand Govt 5¾ 94	150	† 103	103¼	0	+0½	5.31
N.Zealand steel 5¾ 96	70	† 99¼	99½	0	+0¼	5.82
Oberos Kltwk 5⅝ 95	100	† 98	98¼	−0⅜	−0⅜	5.61
Ost Donaukraft 5⅜ 00	70	† 98¼	98½	+0½	+0⅛	5.46
Ralston Purina 5⅜ 94	125	† 99¾	100	+0¼	+0¼	5.39
Samos Finance Ltd 6 94	130	† 99½	99¾	0	+0¾	6.19
Tokyo Elec Pwr 5½ 93	120	† 99½	99¾	+0¼	+0¼	5.56
Tokyo Metropolis 5¼ 94	90	† 98¾	99	0	+0¼	5.40
World Bk 5¾ 94	150	† 101	101¼	−0½	+0¼	5.58

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	90	98	98½	−0⅛	+0½	7.25
BP Overzee 7 92	17	100⅛	100¾	+0⅛	+0¼	6.90
Fed Nat Mort 6⅞ 92	50	98⅛	98⅝	0	+0⅛	7.18
Finland Republic 6¾ 00	15	98¼	98¾	0	+0⅛	7.12
World Bank 6⅞ 90	25	99⅜	99⅞	0	+0¾	6.96

Average price change On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 87 C$	125	† 104⅜	104⅞	+0⅜	+1½	11.58
British Columbia 12 90 C$	125	† 103⅜	103⅞	−0¼	+0⅝	10.96
Can Nat Rail 12½ 85 C$	100	† 105¼	106¼	+0⅛	+0¾	11.44
Chrysler Cred 12⅝ 92C$	80	† 101¼	101¾	−0⅜	[illegible]	12.29
Desjardins 12½ 90 C$	50	† 102¼	102¾	+0⅛	+0⅞	11.80
E.I.B. 12 95 C$	75	† 102¾	103¼	−0¾	−0⅜	11.48
New Brunswick 11⅞ 95C$	75	† 99¾	100¼	+0¼	+0¼	11.62
Gen Und Bk 10½ 93 ECU	60	105½	106	−0⅛	+0⅛	9.47
World Bk 10¼ 89 ECU	125	105⅜	105⅞	0	0	8.66
World Bk 10⅝ 94 ECU	75	106½	107	−0⅛	0	9.50
Eurofima 7½ 92 FL	50	100⅝	101⅛	+0⅛	+0⅜	7.33
Philips Lamps 7½ 90 FL	100	101¼	101¾	+0⅛	+0¼	7.12
Rank Xerox 8 90 FL	100	102⅛	102⅝	0	+0½	7.48
Van Lanschot 7½ 90FL	50	100¼	100¾	0	+1⅜	7.37
World Bank 7½ 90 FL	150	100⅜	100⅞	+0⅛	+0¼	7.34
Charbonnages 13⅞ 85 FF	400	101⅛	102⅛	0	+0⅛	10.82
American Brands 12 95 £	40	103½	104	+0⅛	0	11.32
Amer Express 11½ 92 £	30	102⅜	102⅞	−0⅛	+0⅛	10.80
Australia Comm 11 92 £	40	97⅞	98⅜	0	−0⅛	11.38
BP Capital 10¾ 92 £	50	97⅛	97⅝	0	+0⅛	11.27
E.I.B. 11⅛ 93 £	50	97⅝	98⅛	+0⅛	+0⅜	11.54
Inco 12⅜ 93 £	50	99⅞	100⅜	0	+0¼	12.60
Mcdonalds 10⅞ 00 £	40	98¼	98¾	0	0	11.27
Norsk Hydro 11⅜ 91 £	50	101⅞	102⅜	0	0	11.08
Privatbanken 11⅛ 92 £	20	99½	100	0	+0⅝	11.91
Rank Xerox 11 92 £	40	96¾	97¼	0	+0⅜	11.64
Royal Trustco 11⅜ 90 £	30	99⅜	99⅞	0	+0¼	11.46
Ster Drug Cap 10⅞ 90 £	30	97¾	98¼	0	0	11.41
Swed Exp Cred 11⅜ 92 £	50	99⅛	99⅝	0	0	11.49
Trthouse Forte 11⅛ 90£	50	97	97½	0	+0⅛	11.80
World Bank 11¼ 95 £	100	98½	99	0	+0¼	11.46
E.C.S.C. 10½ 94LF	100	104⅝	105⅝	0	0	9.62
Nat Lux Alum 10½ 92 LF	600	104⅝	105⅝	0	0	9.48

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100¼	100½	11/10	9⅝	9.59
BankAmerica O/S 5¼ 99	0⅛	100⅛	100⅜	28/6	8.81	8.79
Bank of Montreal 5 99	0⅛	100⅜	100⅞	29/7	8¾	8.68
Bankers Trust 5 2000	0	99¾	100	11/8	9.81	9.82
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/5	9.31	9.29
Barclays O/S Inv 5 2004	0⅛	100⅜	100⅝	4/9	10¼	10.20
B.F.C.E. 5¼ 98	0⅛	100⅝	100⅞	13/9	10.06	9.98
B.N.P. 5¼ 00 (July)	0¼	100	100¼	22/7	9⅛	9.11
C.C.F. 5¼ 97	0	99⅝	99⅞	22/8	10⅝	10.65
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/8	9.69	9.68
Citicorp O/S 5¼ 96 Sep	0⅛	100	100¼	19/12	11.19	11.17
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Dresdner Fin 5¼ 88	0	100	100¼	25/5	9⅜	9.36
Ireland 5¼ 97	0	100¼	100½	26/10	9.69	9.66
Ireland 5¼ 99	0	100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛	100	100¼	9/5	9.94	9.92
Lloyds Euro 5 2004	0⅛	100⅛	100⅜	18/10	9⅛	9.10
Midland Int Fin 5 99	0⅛	100⅜	100⅝	6/9	10.44	10.39
Nat West - Perp 5 89	0⅛	100⅛	101⅛	13/5	10⅜	10.27
Queensland Coal 5¼ 96	0¼	100⅜	100⅝	9/5	10.08	10.01
Roy Bk Scot 5¼ 2005 £	0	99¼	99½	2/5	5¼	5.30
Societe Gen 5¼ 95	0	† 100¾	101	12/10	9½	9.42
Sweden Perp 5⅛ 85	0⅛	100⅛	100⅜	5/7	9.44	9.41
Tokai 5⅛ 00	0⅛	100⅜	100⅝	12/6	9.94	9.89
Toyo 5¼ 89	0⅛	100¼	100½	14/9	9.81	9.78

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	96¾	97¾	+1⅞	0.73
Fanuc 3¾ 00	1/84	7032.3	156⅝	157⅞	+0⅛	38.12
Fujitsu 3 99	5/84	1320.0	87⅜	88⅝	+1¼	16.76
Kumagai Gumi 3½ 2000	3/85	600	103⅝	104⅝	+2½	1.94
Marui 3½ 99	7/84	1102	94¼	96¼	+2	2.10
Mitsubishi Elec 2⅞ 00	3/85	422	90⅝	91⅝	−0⅛	−1.07
Murata 3½ 99	2/84	2351.2	107⅞	109⅛	−2⅜	24.12
Murata 3⅛ 2000	1/84	2388	106	107	−0¾	26.18
Nippon Elec 2⅞ 2000	1/85	1295	81½	82½	−1⅜	23.92
Nippon Oil Co 3 2000	5/85	923	90⅛	91⅛	0	1.34
Nippon Oil Co 3⅛ 98	3/84	1052	84⅞	85⅞	−0⅛	12.86
Olo Elec Ind 3½ 99	10/84	805	85¼	86¼	−0⅛	22.82
Orient Leasing 5¼ 00	6/85	2680	99⅝	100⅜	−0⅛	−3.42
Sekisui House 3 99	6/84	612	101	102	+0¾	6.32
Sony Corp 2 2000	5/85	4570	90⅞	91⅞	+0⅛	1.04
Sumitomo Corp 2⅝ 99	5/84	593	109⅜	110⅜	+2¾	6.95
Taiyo Yuden 3¼ 2000	3/85	1070	84⅛	85⅜	−0⅜	6.66
Takeda Riken 3⅛ 2000	10/84	7663	90	91	−0½	9.87
Tokyo Sanyo Elec 3½ 99	12/84	772	86⅝	89⅜	0	4.75
Toshiba Ceramics 3 2000	4/85	1734.2	89¼	90¼	−1⅞	−1.59
Nippon Oil Co 2⅛ 92 SF	3/84	1052	† 104	104½	+0⅞	15.38
Nippon Shinpan Co 2 92 SF	3/84	801	† 94½	94¾	+0½	17.86
Settsu Paper 2¼ 92 SF	4/84	677	†* 150	152	+12½	11.58
Asics 5 92 DM	12/83	520	104⅞	105⅞	+0⅝	28.86
Sun Realty 6¼ 92 DM	3/83	338	245¼	246¾	−0¼	−1.26

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Ca. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Boots advances 15% to £190m

Boots, pharmaceuticals and consumer products group, raised pre-tax profits by 15 per cent from £165.1m to £190.3m in the year to March 31 1985—some £5m higher than market estimates. Turnover, excluding VAT, was 11 per ceot higher at £2.03bn, against £1.83bn.

The second-half result of £110.4m, comfortably exceeded the £79.9m (£65.1m) made in the first six months. At the interim stage, the group predicted a continuing improvement, but cantiooed that the rate of increase was likely to be less than the 23 per cent achieved in the first balf.

Mr Robert Gunn, the recently appointed chairman, says investment, already et record levels, will continue to increase over the next two years. Overall, he is confident thst the group will make further progress.

Pre-tax profits included e rednced surplus of £8.9m (£16.5m) on the disposal of properties, but higher net interest received and unallocated items of £8.5m (£3.6m). Share of related companies' losses was £0.4m (£1.8m profits).

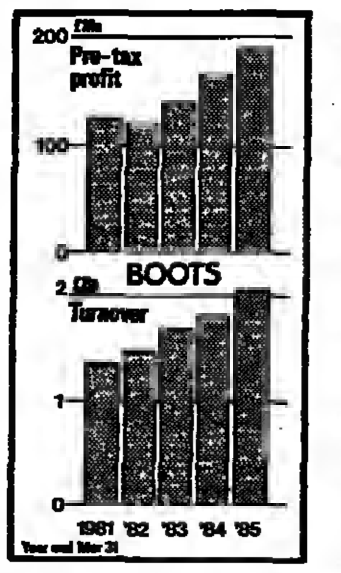
Tax charge increased from £59.8m to £76.6m. Extraordinary *credits* totalled *£21.2m (£23.9m) and comprised £13.4m (£12.8m)* profits on disposing of surplus bouseware premises and £11.8m (nil) for overseas investments—less tax of £4m (£2.5m). Last year's figure also included a £13.6m surplus arising from e related *company*.

The retail division had another successful year, with profits up from £82.7m to £108.7m. Mr Gunn says this side will continue to improve store design and merchandise ranges to ensure another good year.

Despite the ending of the U.S. ibuyprofen royalty and another substantial increase in research spending, the industrial division is expected to achieve further growth. Profits in 1984-85 from this side were £4.1m higher at £64.6m.

With stated yearly earnings per 25p share ahead from 14.4p to 15.5p before extraordinary items, the dividend total is ralsed by 0.7p to 6.2p net with a final of 4p.

The prescription pharmaceuticals business had a successful year overseas. Boots Phsrmaceuticals Inc. increased dollar sales by 29 per cent in spite of the price reduction on the group's antirheumatic, Rufen, to meet



competition, halfway through the year.

Hospital products in the UK encountered severe price competition.

Consumer products had a mixed year. Good sales increases from bealth care products, *including over-the-counter brands* of ibuprofen in the UK and U.S. helped to counterbalance trading difficulties in Kenye end Nigeria.

In the UK, Boots the Chemists increased sales by 7.4 per cent—over balf of wbich was real growth—and profits by *29.3* per cent.

However, the results of this year and last bave been distorted by DHSS reviews of labour and overhead costs in 1985 and discounts in 1984. After adjusting for these items sales increased by 6.5 per cent end profits by 13.8 per ceot.

In Canada, the group achieved a further substantial improvement in profit and in France it continued the accelerated development of the Sephora cbain.

Results of overseas companies are now translated into sterling on an average exchange rate basis, weighed by the actual results of eacb month, wbereas previously the closing rate method was used. Comparative results hsve not been re-stated as no significant distortion arises from the cbange.

The shares closed 1p bigher at 194p.

See Lex

Buoyant unit trust sales lift M & G profits

BUOYANT UNIT trust sales in the six montha to March 31 1985 enabled M & G Group, one of Britain's largest unit trust groups, to show s near 24 per cent pre-tax profits rise from £3.01m to £3.74m st the interim stage. Attributable earnings rose by 28 per cent from £1.72m to £2.2m.

The interim dividend is lifted by a fifth from an adjusted 5p to 6p. Mr Andrew Caldecott, the chairman, forecasts a final dividend of not less than last year's final of 7.5p sdjusted, unless there is a material sdverse change in circumstances.

The triple promotion of three long established trusts during the period—the Dividend, Recovery and Second General, contributed strongly to overall unit trust sales in the period of £42.1m, compared with £18.6m in the first half of the previous yesr snd £45.3m for the whole of last year. This resulted in s 27 per cent growth in unit trust revenue, charges and box profits, from 6.36m to £8.09m.

However, M & G bas written off these promotional costs, to marketing and commission costs jumped 60 per cent from £1.65m to £2.63m and administration rosts climbed 25 per cent from £1.99m to £2.5m. This left the operating profit on unit trust operations some 9 per cent higher st £2.96m (£2.72m).

Interest end investment income rose sharply from £293,000 to £777,000, reflecting e switch in part of the reserves and sharebolders' funds from equities to gilts.

The group does not include the results or profit contribution from its assurance activities in the interim figures. Nevertheless, the new business figures over the period reflect the progress made in this sector. New annual premiums edvanced 60 per cent from £5.2m to £8.3m, while single premium business almost doubled from £20.6m to £38.9m.

These figures were boosted by the pre-Budget boom in pensions business on fears, proved groundless, that the Chancellor of the Exchequer was about to change *the tax structure of* pensions.

There has been a rise of over 300 in new agency agreements with independent intermediaries during the period.

Total units trusts in the group at the end of Msrch amounted to £1.79bn, wbile assurance and friendly society funds amounted to £570m and investment trust and offsbore funds reacbed £135m. One interesting feature is the rise in the number of unit trust savings plans from 13,867 to 22,115 in the period.

● **comment**

M & G's interim figures are a shade disappointing. Profits from the unit trust activities were only up 10 per cent, growth being beld back by besvy promotional expenses. The target 20 per cent growth was only maintained by the surge in investmant income following last year's move to *switch* around a fifth of the investment from equities to gilts. Nevertheless, the second balf is normally quieter for promotion and unit trust profits should pick up—unless of course there is a bear market—while profits from the assurance operations, excluded *at the interim*, should reflect the current buoyancy in the life assurance and pensions field. So investors can look forward to 20 per cent earnings growth to £5.6m net, with a dividend increase to match in line with the group's strategy. However such growth would appear to be fully discounted in the share price, unchanged at 675p, giving a prospective 22 p/e.

Low margin trade pulls down Richards

Accepting volume business st the expense of margins has made inroads into the profit of Richards, spinner of bigb technology yarns, in the balf year ended March 31 1985, and pre-tax the balance has fallen from £208,000 to £92,000.

But the second half is expected to produce at least the same £299,000 as earned in the corresponding period. The directors are holding the interim dividend et 0.5p net aod, barring unforeseen circumstances, will pay an unchanged 0.95p final.

The directors say the volume business was taken while they waited for the build up of sales of new yarn ranges. The last three months have seen a "marked increase" in sales of these new products.

Turnover in the psst half year showed little change at £6.65m (£6.52m). After tax £39,000 (£99,000) the net profit comes to £53,000 (£109,000), for earnings of 0.43p (0.89p) per share.

Evered making £25m cash call

BY TERRY POVEY

Evered, the Guildford-based engineering group, has announced *plans for a one-for-two* rights issue to raise £24.6m after expenses. The 12.18m new shares are priced at 210p.

In addition to the rights, Evered is also seeking to purchase the outstanding preference shares and debenture stock in Brockhouse, the Midlands engineering group acquired for almost £11m in April 1984. This move is aimed at reducing the cost of administering the group's preference and debenture liebliities. For every 20 Brockhouse preference sbares 19 new preference shares in Evered are being offered and for every £100 of Brockhouse debenture stock, £95 of Brockhouse debentures plus a casb payment to cover accrued intsrest.

The Abdullah brothers, who run Evered, are committed to further expansion of the group business — principally through acquisitions. Growth at the group has been rapid—from a turnover of £11.8m in 1980 to £63.4m in 1984; in the same *period pre-tax profits* bave moved up to £3.44m from the losses made in the first two years of this decade. Rashld and Osman Abdullah joined Evered in 1981.

On dividends the directors are forecasting a total of 3p for 1985, against 2.3p for last year, of whicb the final will oot be less than 2p.

Merchant bankers Robert Fleming are nnderwriting the issue and Hoare Govett are acting as brokers.

● **comment**

The rapid growth of Evered nnder the reforming Abdullah management bas clearly warmed the beart of the market to the group's casb calls. Far from marking the company down, yesterday's rights announcement saw the shares rise 10p to 264p. The revenues from the rigbts are most likely to be employed in an acquisition some time later this year—no doubt of a manu*facturing company in the light* engineering sector whose management bas tired of the struggle to achieve deceot returns. The price tag on the purchase could be as much as £30m although more than one target could be bid for. The Abdullahs bave proved themselves capable of making money in the very areas many see es dull—forging and casting, for example—and the brothers will certainly be keen to apply their tight cash control techniques to any new purchase. For 1985 the market is looking for ex-rights pre-tax profits of £7m wbich has the shares tradiog on a prospective multiple of 16 (25 per cent tax charge). Comparable companies, such as Williams Holdings and F. H. Tomkins suggest that the market bas things about right for the time being but this could change if the rigbt kind of target came in view.

IBL offer price gives market value of £100m

IBL, one of the UK's largest computer leasing companies, is being valned at just over £100m in an offer for sale prior to its Stock Exchange debut, which will be in about two week's time.

The prospectus is pnblished today of an offer for sale being handled by Barclays Merchant Bank of a total of 18,928,572 shares at 140p each.

In market valne terms the offer puts IBL comfortably into second spot for UK quoted computer leasing companies behind Atlantic Computers, wbich *is worth £150m* at last night's closing price of 380p, unchanged on the day.

Mr Philip Conssens, IBL's chairman and managing director, and Mr John Henderson, depnty managing director, are collectively selling 7.5m shares. The total offer represents 26.4 per cent of IBL's enlarged share capital.

IBL, which generates most of its money from financing and distribution of IBM mainframe compnters and peripberals, was formed in 1977 by a team of executives from the European leasing subsidiaries of the U.S. conglomerate, Tiger International.

Turnover has surged from *£14.4m in 1979-80 to £153.2m* in calendar 1984, which produced a pre-tax profit of £7.51m as the company started to reap hte benefit of the expansion of its office network into 15 countries inclnding the U.S. in 1983.

Around 24 per cent of last year's turnover stemmed from the UK, the third largest IBM market in Europe, and 36 per cent from West Germany and France, combined respectively the first and second largest markets.

A number of U.S. oil companies (Amoro, Chevron, Esso, Mobil and Texaco) feature among IBL's list of major UK customers which also inclndes Boots, British Rail, Philips, Sony and Legal & General.

IBL says that 1985 has seen a cootinnation of the growth experienced in 1984 with an increase in demand for its services in virtually all geograpbical regions.

With the strengthening of IBL's capital base from £8.8m to £23.1m following the offer and the additional cash resources, they look forward to continued growth in all of the company's markets.

They intend to increase equipment leasing activities dne to the demand that the expanding customer base is expected to create.

On a historic basis, IBL is coming to the market with a p.e. of 14.7, based on an actual tax charge of 23.5 per cent, and a notional yield of 1.2 per cent.

Application lists for the offer will close on June 6 at 10 am and dealings are expected to start on June 12. Brokers to the issue are Rowe and Pitman.

See Lex

Computer losses in U.S. peg Extel's growth rate

WITH ALL but one of its operations showing improvements Extel, the communications group, achieved record profits for the eighth successive year in 1984-85.

At the pre-tax level they pushed ahead from £10.61m to £10.9m and underlying their confidence in the future, the directors are raising the final dividend by 0.75p to 5.25p, making a total of 6.75p, a 12.5 per cent increase over last year's 6p equivalent.

Mr Alan Brooker, the chairman and chief executive, tells sharebolders that although the results were at the highest ever level they were marred by the performance of Digital Microsystems, the group's computer manufacturing company in the U.S.

The offshoot incurred trading losses in the U.S. althongh Mr Brooker says the setback there has been contained. In the UK the rompnter rompany made sound progress and a good profit.

For 12 months to eod-March 1985 group turnover, including total sdvertising billings, was up from £149.49m to £182.51m

Profits before interest by activity show sporting and financial services 64 per cent ahead at £6.75m, printing 22 per cent higher at £2.51m, advertising and pnblic relations 78 per cent up et £1.72m and publisbing 51 per cent better at £2.66m. Computer systems incurred a loss of £1.85m.

Interest charges accounted for £882,000 (£388,000) and tax for £4.63m (£4.71m). Minorities took *£18,000 (£407,000)*.

Attributable profits emerged at £4.36m (£924,000) after deducting extraordinary debits of £1.81m (£4.48m) and preference dividend payments.

Earnings per share were 12.8 per cent higher et 17.8p (15.6p) on the capital increased by last year's one-for-one scrip.

Extel completed the purchase

Mr Alan Brooker

of Digital Microsystems last June by buying the 40 per cent it did not own. Mr Brooker says "the market in which the rompany operates is fast moving and in America inadequate management cootrols together with slow product development combined to prodnce trading losses for much of the year.

"Sales in the U.S. failed to reach expectations and despite prompt remedial ection overbesds, stock levels and write-offs took a besvy toll of profits."

Shareboiders are told that production in the U.S. has now been closed and all the vital development work for the future is being undertaken in the UK. The business in the U.S. has been reduced to a sales and customer service unit only.

The group's budgets for sales and profits for Digital Microsystems worldwide in the current year sbow "healthy improvements."

Referring to other activities Mr Brooker saya in terms of profit improvement pride of place must go to the Royds Advertising group, where profits were better than ever and nearly doubled. Careful planning, strong selling and improved creativity each played their part here.

Burrups Printing had "superb" turnover and profit figures and computerised links with the U.S. helped the company improve its position as the leading financial printer.

Extel's racing news service and general sports service both improved their results and the financial and business services operations again extended their range.

In publishing, the group's newest major area of trading, Benn Brothers again exceeded expectations. Since its acquisition two years ago tbe company has more than doubled its profits.

● **comment**

Extel had warned the market at the interim stage that the U.S. romputer manufacturing company was in difficulties and the losses — though even now not *disclosed* — must be *fairly* atrocious to judge by the £4m collapse in divisional profits to a £1.85m loss. Fortunately all other parts of the Extel empire achieved substantial profit improvements so tbe gronp bas just avoided breaking its recent run of growth. Computer manufacturing should be back in the black this year and so sharebolders are looking for profits of at least £14m pre-tax. At 333p the prospective earnings multiple drops to around 14 which may *not seem expensive* against some of the glamorous recent entrants into the media sector but Extel lacks the sparkle of the specialist advertising and financial services companies. Nevertheless it has its fingers in all the right pies which might make it an attractive target for a bidder — though the price would not be cheap.

Micro Scope plans full SE listing

BY WILLIAM DAWKINS

Micro Scope, e Maidenhead-based prodncer of network control equipment for private viewdata systems, is planning to announce its offer for sale on the full stock market within the next three weeks.

Founded in 1980, the group saw its taxable profits rise from £335,080 to £594,487 in the year to last October on sales np from £1.5m to £2.6m. Profits are expected to rise to £900,000 before tax in the current 12 months.

The largest part of last year's turnover — £1.8m — was devoted to viewdata, with £500,000 accounted for by sales of real time information systems to travel operators and £300,000 going to its technical consultancy arm.

Micro Scope is expected to achieve a market capitalisation of sbout £12m and will be selling roughly £3m-worth of shares in a mixture of new equity for the company and disposals by existing investors.

The group exported 7 per cent of its sales last year, expected to rise to 25 per cent in the current 12 months, and has recently won contracts to provide national videotex networks for the New Zealand, Belgian and Norwegian postal and telecommunications authorities.

Micro Scope will use the flotation proceeds for working capital and to assist it in making acquisitions, *though* it has no specific takeovers in mind at the moment. The group is advised by the merchant bank, Kleinwort Benson, and the shares will be distributed by stockbrokers Cazenove.

Abbey Life offer document expected soon

The offer document for the pnblic sale of Abbey Life Assurance, Britain's second largest linked-life company, is expected to appear on June 5.

Abbey Life's parent, tbe U.S. conglomerate ITT, is expected to sell off around 40 per cent of the equity at a price thet values the company at around £500m on *a yield basis of around 4½ per* cent.

Abbey Life will be the first life company to come onto the market for nine years, the previous flotation being that of Hambro Life

UK COMPANY NEWS

Portsmouth Sunderland profit up

WITH announcement of the results for the year ended March 30 1985, which show a near £650,000 improvement in pre-tax profits, the Portsmouth and Sunderland Newspapers group reveals a scheme which will enable the controlling family shareholders to raise money from the business without diluting their interest.

This will be effected by issuing a new class of 1.5m 10.5 per cent second cumulative £1 preference shares as a scrip issue to ordinary holders registerede June 3, on the basis of one preference share for every eight ordinary.

Ordinary shareholders faced with significant increases in their capital tax liabilities because of the rise in the share price over the years, could sell the preference shares to meet those, and so avoid significant sales of ordinary shares which might prejudice the long term development of the company.

Profit for the year came to £2.77m, compared with the depressed £2.12m of 1983-84. This time there is a tax charge of £1.48m (credit £418,000) which leaves the earnings halved to 10.7p (21p). The dividend is again 4p net, the final being 3p.

Turnover expanded by £8.58m to £43.82m.

● comment

The two strikes at Portsmouth and Sunderland newspapers last year seem to have had no effect on profits at all—production continued during the NUJ strike, and the savings on the journalist's wage bill more than offset the costs of the NGA stoppage earlier in the year. Much of the encouraging increase in profits stemmed from a £300,000 turnaround from loss to profit at the News Shops, and from interest savings on the £3.2m proceeds from the Reuters sale. Circulation is still 4 per cent short of the levels before last year's cover price increase, but the gap is expected to close in the next six months. Advertising volume is encouraging despite competition from free newspapers and is up nearly five per cent so far this year. The company at year end had no borrowings (£7.2m last year), since when it has invested £500,000 in Eddie Shah's newspaper project and has made a move into cable television with a £500,000 investment in Croydon Cable. Jesse Ward investments is taking a discouragingly long time to respond to rationalisation, and is not likely to contribute significantly until 1987. If the company makes £3.5m this year, and assuming a lower tax charge of 40 per cent, the shares at 142p are trading on a p/e of 17.8.

Hunter Saphir hit by 'exceptional causes'

LOWER REVENUE from farms and foods, coupled with the adverse winter and the dramatic decline of sterling against the dollar, have hit the profits of Hunter Saphir in the year ended February 28 1985.

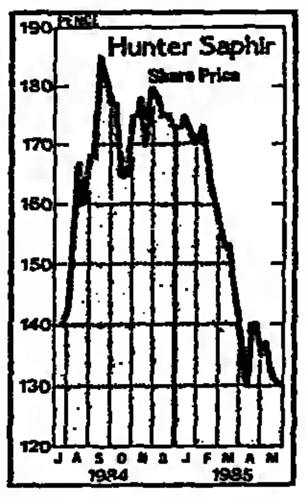
The group is engaged in food and food distribution, with Marks & Spencer and J. Sainsbury being its two major customers. In the first half its profits were held at £963,000 and the directors anticipated a satisfactory outcome; in the second half it produced only £203,000, thereby reducing the year's total from £1.52m to £1.17m.

Turnover rose only £1.36m to £64.6m, being significantly affected by the strength of the dollar against sterling in the latter part of the period, the directors explain. Hunter Produce was particularly hit.

As to the current year, they find it too early to make a forecast but expect a return to the encouraging level of profit indicated by the previous trend, particularly during the second half.

They are satisfied that the causes of the poorer results were exceptional, and that they can look to the future with every confidence.

Although the farm at Boughton, Kent, which is intended to demonstrate modern techniques



in growing, has never been envisaged as a significant profit base, the directors say the year's results were disappointing. However, they expect an improvement in the current year.

In spite of some "excellent new lines" the food side (packing and manufacture) has not moved continuously into profit, but confidence in this sector remained high.

In distribution, Storelink continued to perform well, but there were start-up problems at Northfleet. Canterbury is now closed and new Storeway at Northfleet is operating at full efficiency.

Storefresh at London Colney is gradually being changed to the group's pattern of operation, but it is not expected that significant profits will emerge until the second half. Portway International performed well.

After tax £423,000 (£542,000) the net profit of the group, which was introduced to the USM a year ago, came to £743,000 (£981,000) and earnings are stated at 4.98p (7.09p). The dividend is raised to 1.75p net, compared with 1.59p, with a final of 1.05p. There are extraordinary debits £225,000 (£658,000).

The directors' view of the current year takes into account the exceptional problems experienced in the last quarter of 1984-85, the current trend of business and the development of the Storeway and Storefresh depots.

At Hunter Produce the first two months were satisfactory. Sales of imported produce have been buoyant, although the company's substantial business in UK vegetables is not expected to recover until May.

Hawtin held back halftime

FLUCTUATIONS in the value of sterling and correspondingly high interest rates in the protective clothing division, where prices of Far East imports have hit margins, have led to a reduction of £10,000 to £495,000 in pre-tax profits of Hawtin for the six months ended March 31 1985.

Turnover has risen by £1.96m to £10.18m, including results from Manor Brick (Holdings), acquired in November, and Gul West Suits, purchased in March 1984.

The directors point out that the second half is traditionally the more profitable for the manufacturing subsidiaries, which provide the major part of the group's profits and where the current outlook is buoyant.

Other divisions should provide a higher contribution than in the period under review, they state.

Total profit for the previous year was almost £1.09m, and included £108,000 attributable to Gul Wet Suits. A single dividend of 0.375p net was paid.

The companies engaged in manufacture—this covers specialised knitted fabrics, wet suits, industrial gloves and clothing—maintained their profitability and the programme for the move to new premises in both companies is in progress.

Profits from the subsidiaries involved in distribution include a "modest contribution" from Manor Brick.

The half year profit was struck after interest charges of £163,000 (£114,000). Tax takes £165,000 (£130,000) and minorities loss £2,000 (nil), leaving the attributable profit at £332,000 (£375,000) for earnings of 0.64p (0.69p) per 5p share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-Indonesian	5	July 31	3	7	4
A & P Appledore ...int.	2	Aug 22	—	—	0.45
Boots	4	July 25	3.5	8.2	5.5
Davenports Brewery	3.6	July 2	3.6	—	9
Edbro (Holdings)	4.5	Aug 6	4	8.5	6
Extel	5.25	—	4.5*	8.75	6
Hunter Saphir	1.05‡	—	1.13	1.75	1.59
Jermyn Investment	1.63	Oct 1	1.63	1.63	1.63
Lep Group	3.25	July 17	2.7	4.5	3.5
M & G Group ...int.	6	July 2	5*	—	12.5*
Portsm'th & Sunderland	3	July 29	3	4	4
Richards ...int.	0.5	June 20	0.5	—	1.45
TR North America	2.65	July 18	2.4	3.65	3.4
United Computer	2.25¶	—	1.96‖	2.25¶	1.96‖
Wettern Brothers	1	—	Nil	1	Nil

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Including a special payment of 0.75p. ‖ Including a special payment of 0.71p.

Westland seeks white knight to block bid

BY LIONEL BARBER

WESTLAND, BRITAIN'S only belicopter manufacturer, is in talks with several potential wbite knigbts in an effort to block the £89m takeover bid by a City consortium, led hy Mr Alan Bristow.

Sir Basil Blackwell, chairman, said yesterday that be was searching for an international partner, possibly American, whicb could help Westland overcome its present deartb of orders.

The view, emerging in the City last nigbt, was that only a full-scale takeover could turn round Westland.

Westland's plight was revealed in a circular to sbareholders wbicb sbowed that interim pre-tax profits had slumped from £8.99m to £4.81m to the end of last March. The helicopter and hovercraft division made a £92,000 loss, compared to a pre-tax profit of £4.87m, mainly because of interest charges on the £39m inventory of Westland 30s.

Sir Basil declined to name the potential partners, but Westland and its merchant bank advisers have sought out several mejor U.S. and UK companies with strong management and marketing expertise.

Sir Basil would like a 49 per cent stake to be taken in the company on the lines of the 48 per cent equivalent stake beld by the U.S. Garrett Corporation in Westland's technologies division, Normalair-Garrett. "The problem is tbat this doesn't transiete so easily into American," said Sir Basil.

According to the circular, Normalair-Garrett made a pre-tax profit of £5.23m, compared to last year's £4.54m.

Sir Basil blamed the setback in profits on the delays and uncertainties surrounding the order for 21 Westland 30s from the Indian Oil and Gas Commission and six more for VIP transport in India.

The Indian Prime Minister, Mr Rajiv Gandhi, has indicated to his Parliament that the order is unlikely to be complated. However Sir Basil said yesterday that he had received no such notice and that the contract was still "in limbo."

He added that be believed that the company could sell some 400 W30s between this year and the year 2000.

Phoenix Timber EGM convened

BY ALEXANDER NICOLL

Phoenix Timber Gronp yesterday set a July 1 date for an extraordinary shareholders meeting requisitioned by a dissident director, Mr Micbael Hermann, who is seeking to bring three other men on to the board.

In a letter to shareholders, Mr Dennis Cook, chairman, said the proposals would involve the proposed directors and Mr Hermann taking control of the company "without you being given the opportunity to consider a bid for your shares." He urged shareholders to vote against the resolutions.

The tbree proposed directors, Mr Geoffrey Hoffman, Mr David Edelman and Mr Micbael Teacher, have not sstisfactorily explained to Pboenix the development plans wblch they bave for the group, Mr Cook sald.

He also disclosed that a series of closures and disposals by Phoenix was continuing. "Wa heve decided to give up the unequal struggle to gain a satisfactory share of the builders' merchants market into which the multiple DIY companies are further encroaching. Accordingly, Phoenix bas agreed in principle to sell its subsidiary in this field—understood to be Redlake (Sonthern).

Phoenix is also ending glue laminated manufacturing operations of RTE because of competition from imports. It will instead distribute German products of this type.

Mr Edelman said yesterday that these decisions were "an incredible admission of failure" by Pboniex. He said that be and his team-mates had explained to Pboenix bow they felt the company would benefit from their appointment as directors.

The EGM requisitioned by sbarebolders holding more than 30 per cant of Phoanix equity. A row has developed, however, about e 12 per cent stake beld by the E. S. Gourvitch Will Trust—Mr Gourvitch was e former chairman of the company. Mr Hermann and his wife are trustees of the trust.

Phoenix has sought, under section 74 of the Companies Act, to know the beneficial owners of the shares. But Mr Hermann has sought an exemption on the grounds that tha owners are Soviet Jews, resident in the Soviet Union, whose lives could be endangered by disclosure of their identities.

Mr Cook said Phoenix had virtually completed the sale of surplus properties and that the going concern values of a number of subsidiaries exceeded their book values.

Unigroup's chairman resigns

BY LIONEL BARBER

MR STANLEY WOOTLIFF, formerly chairman and managing director of Unigroup and a one-time 29 per cent sbarebolder in the Leeds-based textile and aerosol manufacturer, has resigned from the company.

Mr Wootliff said yesterday thet there had been differences within the Unigroup board on the future direction of tne group end he had resigned to pursue other interests. He declined to comment on whether he would receive compensation or e service payment.

Earlier this month, Mr Wootliff sold most of bis (then) 14.6 per cent equity stake to two businessmen, Mr Maurice Miller end Mr Ivor Goodman, and associates.

Mr Miller and Mr Goodman subsequently joined the board. Mr Miller has now been appointed chairman and Mrs G. Tate is to become a director.

Mr Wootliff became chairman and managing director of the company—then known as UU Textiles—in 1981 following several years of losses.

He set about diversifying out of textiles and into other consumer products, notably a new Scandanivian-invented aerosol system which subsequently failed to produce profits as quickly as expected.

Last March, Unigroup produced pre-tax profits of £37,100 against £25,600 for the six months to the end of 1984. Howeevr, the closure of a small chemical distribution company, ecquired a year ago, meant attributable losses of £55,000 compared with previous profits of £85,600.

Before Mr Wootliff became chairman and managing director of Unigroup, he headed a Leeds clothing manufacturer, W. L. Pawson. Although be succeeded in turning round the company temporarily into profit, be announced large-scale expansionary plans and the company went into liquidation in early 1982.

John Perkins Meats offer gives Atlanta 25% holding

Atlanta Investment Trust, which was acquired by Mr Vasant Advanis' Grovebell Group last December, bas gained control of 25 per cent of John Perkins Meals, the Somerset-based butcher, whicb joined the USM yesterday vie an offer for sale.

The offer of 3.4m sbares by Statham Duff Sotop was subscribed only 0.1 times, and Atlanta whicb applied for 29.9 per cent of the company received 2.4m shares.

Statham is also broker to Grovebell Group.

Mr Imtiaz Arian, treasurer of Grovebell, said yesterday: "We applied for the maximum and hoped for the best. I read the prospectus in great detail, and it looked e stable and useful investment."

The shares opened et e 1p premium on the 41p offer price, and rose to a bigh of 46p when the announcement of the Atlanta stake was made.

Mr Arian and Mr Vasant Advani, chairman of Grovebell, will join the Perkins board as non-executive directors.

Hunting Gibson agrees to buy Hunting Group

Hunting Gibson, the shipbroking, computer services and property refurbisbment group, has agreed in principle to buy the Hunting Group, a private investment company, in a deal which would amount to a reverse takeover.

The consideration would be the issue of approximately 13.9m Hunting Gibson ordinary shares compared to just 8.4m now in issue. The Hunting Group is already a substantial shareholder in Hunting Gibson, es well as in the related Hunting Petroleum.

Deallogs in Hunting Gibson shares were suspended yestarday at 105p, at the company's request.

Hunting Gibson bas been redirecting its businesses throughout the past few years, discontinuing ship owning and management end trying to expand into financial services. It made £2.74m in 1983 on turnover of £14m, but in the first six months of 1984 profits totalled only £304,000, compared to £421,000 in 1983.

* * *

Erskine House has sold its subsidiaries PPR Security Group and Erskine Security to Securicor for £850,000 in cash. Tha companies whicb have been sold are engaged in casb transit and static guarding services. In the year to March 31 last they made a combined loss of £10,000 and et that date had net tangible liabilities of £122,000.

$3.5m injection for Ion Beam Systems

Dubilier, the Oxfordshire-based manufacturer of electrical and electronic components, has announced agreement witb a syndicate of investors for second-round funding of Ion Beam Systems (IBS).

IBS is the newly formed company which contains IBT Dubilier (formerly Dubilier Scientific) and Ion Beam Technologies of Boston, Mass.

Under the agreement, Citicorp Venture Capital, Alan Patricof Associates and The Gbarles River Partnersbip will inject $3.5m into IBS in excbange for around 50 per cent of the capital. The menagement will be eligible for up to 15 per cent wbile Dubilier will bold the balance.

Mr Peter Cowell, formerly managing director and chief executive of Dubilier, bas been appointed president and chief executiva of IBS. Ha is to stay on as deputy chairman of Dubilier and will also act as a non-executive director.

Vickers

The Kuwait Investment Office yesterday disclosed that it held a 6.8 par cent stake in Vickers, the UK engineering company which mannfacturers Rolls-Royce cars and military tanks. This follows the announcement ou Wednesday by Mr Saul Steinberg, tha Wall Street financier, that be had sold his 6.6 per cent stake in the company. Vickers closed last night at 295p, down 2p on the day.

MINING NEWS

Whim Creek pushes ahead with plans to float Austwhim

BY GEORGE MILLING-STANLEY

THE AUSTRALIAN gold producer Whim Creek Consolidated plans to go ahead with the immediate development of the Cork Tree Well and Mount Morgans gold deposits near Laverton in Western Australia, according to Mr Pat Hughes, the chairman.

Mr Hughes told the annual meeting of Whim Creek, a member of Canada's Northgate Exploration group of companies, that this joint project will form the basis of the flotation later this year of Austwhim Resources.

Austwhim is e new company designed to hold all of Whim Creek's exploration interests outside the Meekatharra area of Western Australia. The proposed public flotation was postponed from last year in view of the falling gold price and poor condition in the Australian share market.

Proven and probable reserves at Cork Tree Well are put at 1.3m tonnes of ore at an average grade of 2.67 grammes of gold per tonne, while Mount Morgans' reserves total 829,000 tonnes at an aversge of 5.8 grammes.

The combined reserves will provide feed for a 250,000 tonnes a year carbon-in-pnlp treatment plant to be built at Gork Tree Well. Construction costs are estimated at A$7.5m (£4m), and annual gold production should be around 25,000 ounces over a period of eight years.

Mr Hughes said Whim Creek was confident that further drilling at both properties would extend the life of the operations beyond 10 years.

Site works at Crok Tree Well are scheduled to start in the third quarter of this year, and the first production from the new mine is expected during the opening three months of 1986.

At the company's own gold operations at Meekatharra, production during 1984 was 31,390 ounces, an improvement of 38 per cent over the previous year—although not as high as had been envisaged earlier.

This year's output is estimated at 40,000 ounces, and Whim Creek is confident of meeting this target, Mr Hughes told the meeting.

An exploration programme along the six kilometre strike length of the Paddy's Flat deposit, north of the existing Phar Lap open pit, has identified 300,000 tonnes of proven and probable ore grading over 5 grammes of gold per tonne. Drilling is still in progress.

At Phar Lap itself, a drilling programme designed to test the deeper levels below the existing pit has shown that gold mineralisation extends at depth, although the grades are poorer than those currently being mined.

MINING NEWS IN BRIEF

Australia's Week's Petroleum, controlled by Mr Robert Holmes à Court, bas raised its stake in the U.S. Asarco to 3.14m shares, or 9.9 per cent, in recent purchases. As previously reported, Mr Holmes à Court has obtained clearance from U.S. anti-trust regulators to raise his stake in Asarco to 50 per cent within 12 months.

* * *

Canada's Campbell Red Lake Mines, 56.9 per cent-owned by Dome Mines, is to embark on a C$6.1m (£3.5m) nnderground exploration programme at its Dona Lake gold property in Ontario wbere ore reserves of 1.3m short tons grading 0.22 oz (6.8g) gold per ton have been outlined. Only a slight increase in gold production from the company's existing mines is expected, according to Mr Henry Brehaut, the president, at the annual meeting.

* * *

The Venezuelan state-owned oil company, Petroleos de Venezuela intends to go ahead with the $700m (£550m) Gusare-Cachiri coal project near the Colombian border in association with a minority foreign partner which has yet to be chosen. International groups interested in the 6.4m tonnes per year venture are reported to include British Petroleum and Shell.

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UK COMPANY NEWS

Reorganisation benefits behind £4.6m surge at Lep

EXTENSIVE reorganisation in certain sectors of the Lep Group together with a general increase in world trade enabled this London-based international freight forwarder to push its 1984 taxable profits up by £4.64m to £7.46m.

In 1982 the group saw its profits plunge from over £5m to £2.6m. The following year was virtually static with reported figures at £2.82m.

During 1984 most of Lep's components earned higher profits with the main increases being achieved in Germany, the UK, the Far East and Canada.

Some of the group's development and expansion plans were implemented during the year with new offices being opened in the U.S., Brazil, Canada, Italy and Spain.

Lep's operations in the U.S. were reorganised to improve the scope and quality of services.

The directors, headed by Mr John Read, the chairman and managing director, intend to follow a progressive dividend policy consistent with ensuring that such payments will be adequetely covered.

For the 1984 year they are lifting the total by 1p to 4.5p net with a final of 3.25p. Earnings per 2p share came through 10.8p ahead at 13.8p.

Mr Reed says it is too early to make a forecast of the likely outcome for the current year.

He tells shareholders, however, that in spite of substantial development expenditure being incurred, current profits "continue to be satisfactory"—particularly in the main operations. The chairman believes there are good grounds for "cautious optimism."

Turnover for 1984 advanced from £77.3m to £97.35m and generated a trading surplus of £6.73m, compared with a previous £2.76m. Because the main group reorganisation was substantially completed by end-1983 such costs incurred since that date were charged to arriving at the trading surplus.

Pre-tax figures were struck after taking in a £727,000 (£80,000) share of associates' profits. These included £667,000 (nil) attributable to the interest in the National Guardian Corporation, acquired in two tranches in April and August last year.

Tax accounted for £3.02m (£2.06m) and minorities for £433,000 (£316,000). At the attributable level profits surged from £1.08m to £4.87m. In 1983 redundancy, reorganisation and closure costs amounted to £781,000 and were charged as extraordinary items.

Mr Read says the group is continuing to make considerable revenue investment in a number of areas, particularly in the U.S. —new offices have been opened there, the Philippines and in the UK.

● comment

Lep has landed well ahead of market expectations — thanks at least in part to a good first time contribution from U.S. security company National Guardian. With most of the reorganisation costs now behind it (and with those that had to be paid in 1984 carried above the line) the group is expanding its international base through opening new offices. Start-up costs will be a factor for up to two years but should not hold back profits growth seriously. Group gearing remains at 55 per cent of shareholders' funds and the policy is to live with this rather than to seek to reduce debt — although the realisation of some assets plus the growth in retained profits should see a progressive, if slow, fall in borrowings. LEP's acquisition policy appears to be paper centred — vis last year's failed offer for Mumford and White — and any future move will no doubt take the same form. This year the analysts are forecasting pre-tax profits of £9m which has the shares trading on a fairly demanding prospective multiple of just under 18 (40 per cent tax charge) on 273p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Arbuthnot Government Securities Trust, Carlton Communications, Dobson Park Industries.

Finals: Capital Strategy Fund, Freshbake Foods, Hill Samuel, Southend Stadium, TR Industrial and General Trust.

FUTURE DATES

Interims—	
Bell Brothers	June 20
Body Shop International	June 12
Guinness	June 11
Finals—	
Associated Heat Services	June 21
Century Oils	June 6
Chapman Industries	June 4
Doelkraal Gold Mining	June 11
Dominion International	June 12
Doornfontein Gold Mining	June 11
Driefontein Consolidated	June 11
Kloof Gold Mining	June 11
Libanon Gold Mining	June 11
M and G Second Dual Trust	June 12
Venterspost Gold Mining	June 11
Vlakfontein Gold Mining	June 11
Wight Collins Rutherford Scott	July 8

Woolworths expects further progress as sales rise this year

Woolworth Holdings, retailing group, intended to make further financial progress this year, Mr John Beckett, the chairman, told the annual meeting.

Sales so far this year were above the comparable levels of a year ago, while the company's plans to revitalise its F. W. Woolworth retail stores should also begin to favourably affect results in 1985.

On the recent rights issue, when asked by a shareholder if money could not have been raised by selling a stake in B & Q, Mr Beckett retorted that B & Q was currently the star in the group's firmament.

"I don't think shareholders would thank us for having taken an alternative which meant we sold any part of this very fast growing, very sucessful business."

Mr Beckett welcomed the recent Common move backing the intention to deregulate shop hours. He said the repeal of legislation on shop hours would provide significant opportunities for the group.

When asked later about possible acquisitions, Mr Beckett said "we have no acquisitions immediately in prospect."

At other annual meetings, the chairman reported the following:

● **Magnolia Group (Mouldings)** —Mr R. J. Wallrock said current order books for both home and export were satisfactory and he was confident of a reasonable growth in profits this year.

● **Phicom**—Mr A. K. S. Franks said the group was in a strong position for the future, but the first half of this year would show a profits downturn. It was too early to say whether this shortfall could be outweighed by better second-half results, but he was confident that the dip would prove to be no more than a temporary setback.

● **Sovereign Oil & Gas** — Mr Charles Hambro stated that the company had been successful in acquiring six blocks in the Ninth Round of licensing awards. Its financial position had never been stronger and the board was looking forward to an active exploration programme and participation in other business opportunities.

Anglo-Indonesian surges

A strong performance by almost all group companies enabled the Anglo-Indonesian Corporation to quadruple pre-tax profits in 1984 to a record £4.5m. Turnover of this plantations and engineering concern amounted to £33.13m, against £26.88m.

The main contribution to the increase came from the Brazilian tool manufacturing operation where pre-tax profits were £1.8m and from high tea prices which ruled for much of 1984.

However, since the year end tea prices have fallen sharply. It is therefore likely that profits for the current year will be somewhat lower, but longer term prospects seem good, the directors state.

Attributable profits in 1984 surged from £746,000 to £2.9m. Tax took £1.16m (£321,000), minorities £305,000 (£83,000) and extraordinary debits £124,000 (nil).

Net earnings per 25p share before extraordinary items, were 49.9p (12.4p) undiluted or 40.3p (11.3p) fully diluted. A final dividend of 5p net raises the total from 4p to 7p, costing £535,000 (£344,000).

COMPANY NEWS IN BRIEF

Blue Arrow has disposed of its tour operating business via a management buy-out.

Contracts were exchanged with a company to be called New Arrow, owned by Mr Peter Chadda, the operations director of Blue Arrow Holidays. The assets disposed of comprise the business and goodwill of this subsidiary and the consideration is £50,000.

The transaction will leave Blue Arrow free to realise in due course its investment in certain overseas properties and other assets. The disposals are expected to produce further proceeds in excess of £750,000 which will be applied to reduce group borrowings.

* * *

Net asset value per 25p share of the **TR North America Investment Trust** amounted to 226.8p at the end of the year to March 31 1985. This represents a rise of 27.3 per cent over the 178.2p shown a year previous.

Net revenue for the year was up from £1.13m to £1.28m and earnings per share advanced to 3.94p (3.46p). The recommended final dividend is 2.65p (2.4p) which raises the total to 3.65p (3.4p). A one-for-one scrip issue is proposed.

* * *

The Laird Group has acquired **Plastic Profiles**, of Minnesota, for £4.8m in cash. Plastic Profiles supplies extruded plastic products to manufacturers of wooden windows.

The acquisition strengthens Laird's position as a supplier to the U.S. door and window industries and gives it access to the growing market for speciality thermoplastic and elastomeric weather seals.

Plastic Profiles made pre-tax profits of $875,000 (£533,000) in 1984 on a turnover of $5.9m. Net assets acquired were in excess of $1.8m.

* * *

A sharp deterioration in **Davenport's Brewery (Holdings)** beer-at-home division and a doubling of interest payments resulted in pre-tax profits falling by 19 per cent to £800,000 in the first half to March 30 1985. A substantial restructuring is taking place and the division being reduced in size.

Group turnover was higher at £18.28m (£17.62m) but operating profit came out at £1.06m (£1.14m), which after interest charges of £313,000 (£157,000) resulted in trading profit of £742,000 (£985,000).

The interim dividend is held at 3.6p. Last year a total of 9p was paid.

* * *

Pre-tax profits of **Jermyn Investment Co** dropped from £117,127 to £85,934 for the year to January 31 1985. Earnings per 25p share fell from 7.11p to 6.51p and the dividend is maintained at 1.625p net.

Tax took £20,864 (£46,038) and last year there was also an extraordinary credit of £151,875.

* * *

Reardon Smith, a loss-making Cardiff-based shipping group, yesterday asked for a suspension of its shares "pending clarification of the company's position." A further statement was expected to be made today.

The company, valued at about £830,000 at the suspension prices of its two classes of shares, had pre-tax losses of £2m in the six months ended September 30, 1984, on turnover of only £2.36m. In the same period a year before, the loss was £459,000 on turnover of £1.8m.

* * *

Nearly 94 per cent of the 21.84m shares offered in a rights issue by the **London and Northern Group** have been taken up.

The balance, 1.33m shares, have been sold in the market at a premium and net proceeds of 9.7p per share will be distributed pro rata among the holders who did not exercise their rights. Any amounts of less than £2 will be retained.

TECHNOLOGY

EDITED BY ALAN CANE

Gene probes set to enter the battle to defeat cancer

Stephanie Yanchinski on a new way of combatting disease

TINY THREADS of the stuff of life, deoxyribonucleic acid, or DNA, could give thousands of families hope for a better life. Doctors will soon be routinely using gene probes, as these threads are called, to detect genetic diseases of the blood such as aickle cell anaemia, and thalassaemia in unborn babies.

Until now, doctors could not predict wbether the foetus was likely to be a sickle cell baby or not. This can now be done within the first few weeks of pregnancy, early enough to give the mother the cboice of having an abortion. This would save the family years of anguish bringing up a sick child who may well die young.

But the potential use of gene probes in human disease goes further. Eventually doctors will use probes to detect susceptibility to diseases such as heart disease, diabetes and cancer. Young adults diagnosed as likely to develop the disease in later life can watcb their diet, or avoid working in an environment likely to cause cancer.

The U.S. company Cetus is just one of the new hiotechnology firms expecting to launcb diagnostic kits based on gene probes later this year. Cetus will market two tests for picking up sickle cell anaemia, a disease common among American blacks, and juvenile onset diabetes.

Sickle cell anaemia occurs in individuals who have inherited two genes for an abnormal type of haemoglobin, the oxygen carrying protein in the blood, called HbS. When a red blood cell containing HbS loses its oxygen, the cell changes shape. Its normal pliable form becomes long, curved and rigid, like a crescent or "moon." Because of their shape the "sickle" cells pile up on one another and restrict the flow to vital organs. Children of-en die young of severe anaemia and general debility.

Sickle cell anaemla and another related blood disorder, thalassaemia, are aerious diseases throughout the world. The World Health Organisation estimates that at least 200,000 severely affected children are born every year and that hundreds of millions carry the disease in their genes.

Usually these adults carry only one copy of the HbS gene and so remain healthy. But if they marry another carrier, their cbildren bave a 25 per cent cbance of receiving both HbS genes, one from eacb parent and so developing the disease.

These diseases appear mainly in Africa, South-East Asia, the Caribbean and the Mediterranean. Over the centuries immigrants from these areas spread the disease, and in the U.S., for example, one in 12 blacks carries the HbS gene and about 1,500 children are born severely affected every year.

Hugh Routledge

Gene probes are being used to help babies avoid genetic blood diseases

The genes in buman cells consisi of two DNA strands twisted into the shape of a spiral staircase or double helix. The DNA chains in turn contain chemical units linked together, like beads in a necklace. These chemicals attract one another, and tbeir chemical bonds form the stepa of the staircase.

Probes are single straoda of active DNA, separated from tbeir belical partner, which will cleave to other pieces of DNA nearly identical in structure.

For exampte, a probe containing the HbS gene, and known to be associated with the sickle cell anaemia, can be used to screen an individual's blood to see if thc HbS gene is present. If cells from an unborn foetus bear both HbS genes, then the child will be born with the disease.

At the moment screening a sampte for the sickle cell gene is somewbat laborious. It starts with extracting the DNA from a tissue sample taken from the patient, tben digesting the DNA into fragments of different tengtha with special enzymes.

The scientist next places these fragments on a gel through wbich an electric current flows. The current pulls the pieces of DNA apart and they accumulate into bands, according to their molecular weight, which determines how fast they move.

The double strands of the DNA are broken up into single strands tbus freeing them to pair with any others nearby, and fixed onto nitrocellulose or nylon filters.

A solution containing the HbS probe waabes over the filter paper and the probea bind just to those fragments of DNA whicb contain the HbS gene. The difference in banding patterns between a sickle cell person and a normal individuat reveals the presence of the disease-causing genes.

Until recently the standard way of visualising tbese bands involved tagging the gene probe witb radioactive tracers then taking an X-ray of the filter paper. Cetus has developed a non-radloactive probe marker wblch makes tbe teat easier and cheaper to use.

In this case, the marker molecule attached to the probe is blotin, a protein found in egg whites. After adding an enzyme complex to the probe, brightly coloured bands appear on the filter paper.

Dr Henry Erlich, director of the Genetic Disease Program at Cetus, says the tests are sensitive enough to pick up a single defective gene in 1m others.

For companies such as Cetus the real excitement lies in finding probes for assessing the risk of developing heart disease, or diabetes in later life. Other prototype kits destined for the market later this year picks up different types of proteins called human leucocyte antigens (HLA). These are used for matching tissue types in organ transplants. The Cetus HLA tests, however, will eventually be applied to a range of other bnman problems, from proving paternity to detecting diabetes, and certain devastating autoimmune diseases, such as myasthenia gravis and rheumatoid arthritis.

The ready availability of sucb tools for delving into an individual's gentic make-up presents certain ethical and personal dilemmas for doctors and patients alike.

Cetus's Dr Kay Noel says that in tbe case of sickle cell anaemia studies show only about 50 per cent of those interviewed want a genetic test. For doctors, too, it will take time for the tecbnology to be accepted.

Computer takeover in design of printed circuit boards

BY GEOFFREY CHARLISH

MENTOR GRAPHICS, the U.S.-based computer-alded engineering company which has so far specialised in design systems for silicon chips, has now moved into printed circuit board design with a product called Board Station.

Mentor says the system is one of the few that can design printed circuits without any help from bumans.

The company, founded in 1981, reacbed a turnover of almost $88m in 1984, and claims to have 35 per cent of the world market in systems for computer-aided engineering (CAE) of circuits.

These systems allow engineers, using a screen and keyboard, to develop, for example, a computer circuit from initial logical schematic diagram through to a completed printed board layout.

Computer power is brought to bear on the complex task of placing the components—mostly integrated circuits—in the best position and making the connections between their pins. It might take many man-weeks of manual work, even if the necessary physical accuracy could be achieved, which is unlikely with the latest closely-spaced, very narrow tracks.

Other programs automatically cbeck that electrical design rules are observed (spacing of the conductor tracks for example), finally verify the track routing, produce tapes to drive board drilling machines and print out all the necessary documents.

The work has to be repeated for each layer of a multi-layer board—and eight to 10 layers are commonplace in professional computer systems. Nowadays, computer assistance is essential.

Mentor claims a number of advantages over previous systems. For exampte, placement and routing is not based on the customary fixed grid spacing of component connection pins (0.1 or 0.05 inch) but is varied by the software at various parts on the board to produce the best results as the layout evolves.

The company also claims tbat its routing software examines the whole problem at the same time, not in segments, preventing the process from getting "stuck," rather like someone in a maze—the Mentor software bas a bird's eye view of the whole maze.

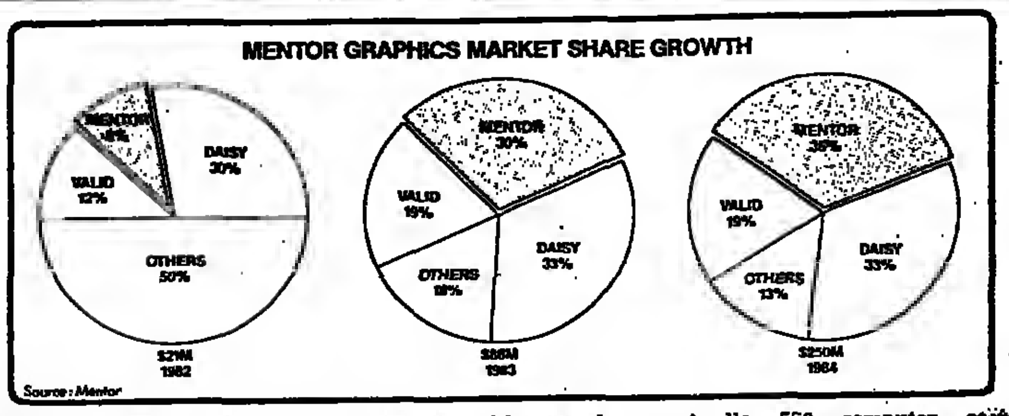
This, coupled with a multi-attempt method (in which the software progressively improves the layout), and with the acquisition and use of more and more data as the process proceeds, results in 100 per cent completion of routing—even on complex boards, according to Mentor. Most systems currently achieve between 90 and 100 per cent with manual completion oft he remainder.

Tests sbow that a 300 component board, with an average of 14 leads per component and 2,400 connections can be routed in under four bours. Component placement takes two hours. With more powerful hardware, the design of 1,000 component boards is feasible.

First deliveries of Board Station will be in September. A complete system based on the Apollo 550 computer costs £79,900, allowing "stand-alone" terminal development of board layout.

These and other tasks, like circuit simulation (another software package) can also be carried out at other Mentor terminals to speed up design projects. They can all be connected together over an Apollo Domain network.

In the UK, Mentor Graphics is in Reading, on 0734 88488.



Faster machinery for fish finger packing

BY PETER MARSH

METAL BOX, the packaging company, claims to have broken new ground in fish-finger technology with the development of a production line that can sort and install in boxes up to three tonnes of the foodstuff an hour.

Two of the systems, together worth £1m, are to be installed in two Unilever fish-finger plants. A Birds Eye Walls factory in Grimsby, Lincolnshire, is to take delivery of one set while the other will go to Nordsee Deutsche Hoschseefiscberei in Bremerhaven, West Germany.

The eqnipment, developed at Metal Box's carton-engineering factory in Swindon, Wiltshire, sends fisb fingers from freezers along vibrating decks which separate those that are stuck together and ensure they are pointing in the rigbt direction.

The fingers are cbannelled by mechanical devices into 36 lanes whicb merge at a later stage. By setting the flow rate accordingly, factory engineers can obtain the correct batch size of products from a combination of all the lanes.

Finally, the frozen items are packed automatically into cartons of five to 18. According to Metal Box, the system is easy to maintain and can be operated with relatively few people.

Over the past few years, Metal Box'a Swindon factory has established a sound reputation in incorporating the latest automation technology in fish-finger plants around the world.

The plant also turns out cartoning equipment for other Industries and has a special expertise in hardware that automatically fills with compost, aseptic pots for gardening enthusiasts.

● MONDOMIX-HOLLAND BV, a Dutch company, has devised a new technique to transport and store fresh cream for a variety of cakes and other food products.

The system, in which air is pumped into the cream at a controlled temperature and pressure to create the desired texture, is sold in the UK by European Process Plant of Banstead, Surrey.

Christmas bonus for tree industry

THIS YEAR'S stock of Christmas trees may stand a better chance of surviving the next few months with the aid of a novel biological pesticide.

VITROX, developed by Microbial Resources of Theale, Berkshire and Britain's Institute of Virology, attacks a pest known as Neodiprion sertifer, which affects Christmas trees.

Microbial Resources aims to sell the product in the U.S. where it has been approved by the Environmental Protection Agency. The pest causes millions of dollars of damage each year. More on 0734 303707.

Computerised dealing

ABOUT 15 banks and broking companies in the City of London have ordered computerised dealer systems worth £2.5m from V Band, of Barking, Essex.

With a set of keys and a display screen, dealers can call up information from a variety of sources and communicate with other financial houses.

Plastic pipe welding

DRESSER Industries of the U.S. has paid £130,000 to Vulcathene division of Glynwed of Birmingham for the use of plastic pipe welding technology.

The system—trade name Gascoil—passes an electric current through the pipe cuff and ensures a strong fused joint.

The trench to be cut need be no wider than the pipe as the generator providing power can be sited away from the joints.

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday May 31 1985

U.S. crude oil stocks rise above 1984 level, Page 36

WALL STREET

Economic optimism overrides

STOCKS on Wall Street closed at a new peak yesterday after reversing a downward trend when Mr Preston Martin, vice-chairman of the Federal Reserve Board, told a meeting in Washington that "disinflation appears here to stay," *writes Terry Byland in New York.*

Similar optimism on the economy came from Ms Martha Seger, governor of the Fed, who predicted that inflation would stay around the pace of the last two years throughout 1985.

The bond market swiftly rallied, replacing falls of half a point with minor gains. Stocks also returned to an upward path abandoned earlier when sellers hit the technology stocks after Mr John Akers, IBM's president, acknowledged that the computer industry faced a slowdown.

The Dow Jones industrial average, 3½ points up in early trading and three points down at midsession, ended at 1,305.78, a net gain of 2.80 points. Significantly increased buying pressure followed the comments from Mr Martin and Ms Seger, and the day's share trades jumped to 109.1m.

The Commerce Department's latest economic indicators, showing a dip of 0.2 per cent in April, taken together with an 11.9 per cent drop in new house sales, again indicated a flat economy. But some market analysts continued to predict an upturn later in the year.

IBM fell $1⅞ to $127⅞ in beovy turnover, with selling sparked by several brokerage analysts disclosing that they had lowered their IBM earnings forecast because of doubts about the second bolf of the year. IBM's earnings fell in the first quarter, but a recovery was expected later in the year.

Later, Mr Akers acknowledged the slowdown in the industry but made no precise forecast of IBM's likely performance.

Other technology stocks carried lower with IBM included Digital Equipment, down $3½ at $102, Burroughs, down $1¾ at $61½, Honeywell, $⅝ lower at $60½, and Data General, $1½ off at $37⅞.

Other industrials steadied, and it was left to takeover situations to provide the features. Food industry stocks sprang to life as the rumoured planned bid for Nobisco Brands by R.J. Reynolds promised a significant shakeup in the consumer field.

At $79¾, Nabisco was $8⅝ up in heavy trading as the market hinted at a $91 a share offer. The tobacco company, which has been successfully diversifying, fell $2 to $73¼, and rival tobacco group Philip Morris dipped $1 to $85⅞ on the prospect of facing a competitor strengthened by Nabisco's confectionery outlets.

Elsewhere in the food industry, General Foods jumped $1½ to $69, Quaker Oats $2¼ to $48¾ and Kellogg $⅛ to $56⅞.

The food and retail sector is regarded as the next likely sector for restructuring by takeover.

Other takeover issues in centre stage included CBS, $⅜ up at $115½ after Mr Ted Turner had modified bis takeover offer, but without introducing the cash element that Wall Street wants. Trans World Airways, hoping for either a management buyout or a bidder to rival Mr Carl Icahn, eased $¼ to $18⅞ in heavy turnover.

Motor stocks disappointed the bulls again. Features were a $¾ dip in General Motors to $71¾ and a $⅞ fall in Ford to $43½.

Oil stocks steadied after dipping this week on fears of renewed cuts in world prices. Defence stocks put up a mixed show, with United Technologies $1⅜ higher at $41⅛, but General Dynamics was $¾ off at $71⅞.

There was further profit-taking in pharmaceuticals, wbere Merck sbed $⅛ to $107⅞ and Pfizer was dull at $48⅝. Upjohn, benefiting again from prospects for its anti-baldness product, added $¼ to $104½.

The credit market rested after the busy trading of the past week. Federal funds traded at 7¹¹⁄₁₆ per cent, at which level the Federal Reserve made a further $1.5bn in customer repurchases. Credit flows are still distorted by tha Maryland thrift industry's problems, and the federal funds rate is an uncertain guide to the underlying policies of the Federal Reserve at present.

The bond market shaded lower but was well-satisfied with the outcome of the Treasury's 5-year note auction, wbich dislosed significant interest from Japanese and Swiss investors.

LONDON

Cautious optimism lingers

CAUTIOUS optimism pervaded London equities yesterday although most of the market's activity was centred on government securities. Encouraged by the strength of sterling and a further improvement in overnigbt U.S. bonds, foreign investors concentrated their funds on medium and long-dated gilts.

Further considerable business on domestic account was generated by the long list of stocks being dealt in special ex-dividend form.

At the longer end of the market, gains stretched to ⅝ before being pared later to around ½, while shorts benefited from easier interest rates in money markets and achieved rises up to ¼.

Leading equities opened on a brigbter note following comment on last month's trade returns and the improved export performance. The FT Ordinary index moved through the 1,000 barrier again and finished the session with a 5.5 gain to 1,004.6.

The approach of the end of the trading account brought some "new time" buying of both top quality and speculative issues. Internationals were also favoured despite the rising pound with the bias towards chemical and pharmaceutical leaders. Worries over international oil prices faded but the sector lagged behind.

Chief price chnnges, Page 28; Details, Page 29; Shnre information service, Pages 30–31

HONG KONG

HEAVY local buying and strong overseas institutional support took Hong Kong sharply higher for the third consecutive session as the Hang Seng index broached the 1,600 threshold again with a 23.95 point surge to 1,621.86.

Late profit-taking eroded some of the gains that took the markat indicator up 13 points in the first bour. By midday it was 38 points ahead.

Property and bank issues were sought after with Cheung Kong adding 40 cents to HK$18.80. Hongkong Land rose 15 cents to HK$5.80, and Sun Hung Kai Properties rose 30 cents to HK$12.30.

Bank of East Asia held steady at HK$28.50 while other leading bank shares scored gains. Hang Seng sparkled with a HK$2.50 rally to HK$53.50 while Hongkong and Shangbai Bank managed a more modest 5-cent rise to HK$8.15.

Elsewhere, Hongkong Electric rose 15 cents to HK$8.45, Jardine Matheson dropped 60 cents to HK$11.40 and Swire Pacific lost 10 cents to HK$23.30.

CANADA

THE DOWNTURN continued in Toronto with golds and base metal miners suffering the sharpest setbacks. Pronounced weakness in the oil and gas sector added to the overall gloom.

McIntyre Mines, which had 53 per cent of its shares purchased by Dome Mines earlier this week, traded C$3 down to C$38¾ after Wednesday's C$6¼ retreat on news that Dome would not make an offer to minority shareholders.

Abitibi-Price dipped C$⅛ to C$18½ after announcing plans to defer the issue of up to C$175m in common stock.

Utilities managed to resist the slide in Montreal as banks and industrials dropped.

EUROPE

New ground reached on rate hopes

HOPES of lower interest rates yesterday generated a broad advance on European bourses, pushing key market indicators in several centres to record levels.

From a comparatively subdued start leading West German, French and Belgian stocks advanced as foreign investors, notably from the U.S., Switzerland and the UK, stepped in to dominate activity.

In Frankfurt the expectation of reduced interest rates moved export-oriented blue chips to the top of buying lists, with Deutsche Bank, the country's largest private bank, standing out with a DM 20 surge to DM 533 ex-dividend.

Among other banking issues, Bayerische Vereinsbank added DM 14 to DM 362 ex-dividend, BHF DM 10 to DM 315 and Commerzbank DM 1 to DM 194.50.

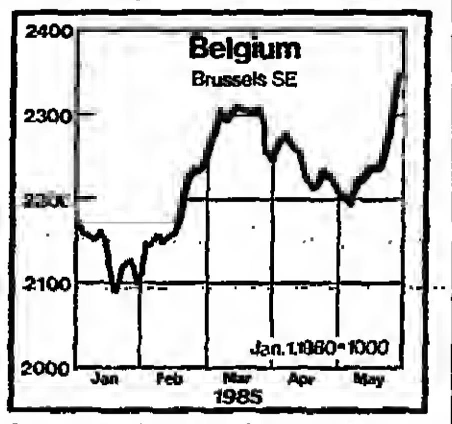
The banking sector was a solid contributor to the 11.4 rise in the Commerzbank index to a record 1,321.5, taking the increase since May 14 to 57.9.

Daimler-Benz was the object of most buying among automotive stocks, closing DM 8.50 higber at DM 801, while Volkswagen added DM 2.10 to DM 246.4.

Mannesmann featured among a strong steel sector following the announcement of doubled first-half earnings, improving DM 7.40 to DM 167.90, while Thyssen firmed DM 2.20 to DM 104.50.

Interest rate considerations played an important part in lively trading in bonds as the market responded positively to a new Federal Government loan stock launched yesterday.

In Brussels the Stock Exchange index moved to a peak with a 6.06 advance to 2,349.51 as the recent interest rate cuts continued to entice buyers.



Banking and financial stocks were well supported with Kredietbank receiving an additional boost following its purchase of a controlling stake in Van Der Hoop to close BFr 150 higber to BFr 8,750.

Cockerill-Sambre benefited from reports that the company's financial position is expected to improve and added BFr 5 to BFr 233. Arbed was also higher, finishing BFr 30 up at BFr 1,770.

Paris was under the control of foreign interest, and the CAC Generale index moved to another record with a 2.4 point risa to 232.8.

Automotive and car part stocks were well backed. Peugeot gained a further FFr 14 to FFr 352 and Michelin FFr 17 to FFr 1,050.

Prices in Zurich rallied to overcome the consolidation that has recently restrained trading, althougb movements were generally small.

Insurers recovered, with Swiss Re firming SwFr 400 to SwFr 12,100 while Winterthur added SwFr 55 to SwFr 5,250.

Banks were also firmer as Volksbank registered a SwFr 15 advance to SwFr 1,600 and Baer a SwFr 15 rise to SwFr 8,150.

Chemicals advanced led by Hoffmann-La Roche, up SwFr 75 to SwFr 9,075 and Sandoz SwFr 150 higher at SwFr 8,500.

Trading in Amsterdam was mixed with declines narrowly outnumbering advances.

Speculation about lower oil prices put pressure on the sector with Royal Dutch easing 60 cents to Fl 196.40. Among other leading stocks Unilever eased Fl 2.70 to Fl 345.30 while Philips encountered modest support to firm 40 cents to Fl 56.70.

Stockholm continued along its narrow recovery course. Milan shares closed lower after Wednesday's improvement while Madrid edged forward in quiet trading.

TOKYO

Selective advance to new summit

BUOYANT selective buying of leading shares led the Nikkei-Dow market average to its third consecutive record in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Major private electric railways and property groups eased, while trading houses and non-life insurances moved ahead. Domestic demand-oriented construction and dredging companies generally gained ground.

The market indicator added 23.10 to 12,790.27, although declines outnumbered advances 448 to 368, with 129 issues unchanged. The selective nature of the buying was shown by the fact that the stock price average on the Tokyo Stock Exchange's first section shed 1.67 points to 674.50.

Turnover remained high but fell from the third highest volume ever of 1.14bn shares on Wednesday to 664m.

Investors sought domestic demand-related large-capital issues. Fuji Electric topped the most active list with 23.44m shares changing hands, climbing Y12 to Y408 on renewed investor confidence in its development of a solar cell using amorphous alloy.

Mitsubishi Heavy Industries shed Y5 to Y286 on profit-taking, with the fifth biggest volume of 13.93m shares.

Electric power and gas issues also weakened, having generated much of the recent bull market. Tokyo Electric Power lost Y40 to Y1,980, Kansai Electric Power Y60 to Y1,700 and Tokyo Gas Y2 to Y214.

In contrast, general trading houses firmed on lower interest rates. Mitsubishi Corp, second busiest with 18.74m shares, gained Y31 to Y647, C. Itob Y8 to Y428, Marubeni Y12 to Y357 and Nissho Iwai Y6 to Y277.

Financials were boosted by steady buying. Tokio Marine and Fire added Y5 to Y909, and Taisho Marine and Fire firmed Y5 to Y493.

Construction and dredging groups strengthened across a broad front on expectations of higher public investment. Tokyo Construction gained Y14 to Y349, and Wakachiku Construction Y15 to Y314.

Some biotechnology-related stocks climbed. Kirin Brewery, the third busiest stock with 18.35m sbares, rose Y22 to a record Y737. Shionogi rose Y39 to Y830 and Sankyo Y110 to Y1,300. However, Asahi Chemical remained unchanged at Y1,070.

Among hidden-asset issues, Heiwa Real Estate, also actively traded, put on Y10 to Y940. In contrast Mitsubishi Estate weakened Y2 to Y755.

Blue chips slumped on a wide front. Hitachi dropped Y12 to its lowest point for this year of Y753, and NEC fell Y40 to Y1,020.

Bonds were little changed in quiet trading, in the absence of new incentives. The yield on the 7.3 per cent government bond due in December 1993 edged up sligbtly from 6.570 per cent to 8.575 per cent.

AUSTRALIA

THE OVERNIGHT rise in bullion prices failed to attract overseas bnyers to Sydney, and most sectors closed mixed to easier. The All-Ordinaries index fell 3.7 to 874.7, and the All Resources index lost 2.9 to 588.4.

CRA suffered one of the sharpest falls, a decline of 14 cents to A$6.30, with 6-cent setbacks for BHP at A$6.26 and Bell Resources at A$7.30.

Among the leading miners, MIM and Western Mining added 2 cents each to A$2.96 and A$4.03 while North Broken Hill retreated 2 cents to A$2.36.

In golds, Emperor scored a 15-cent advance to A$3.95 although Central Norseman fell 10 cents to A$8.50 and Renison dipped 4 cents to A$5.28.

Woodside Petroleum, the subject of a joint Shell Australia/BHP hid that expires on Tuesday, was actively traded but closed unchanged at A$1.60.

SINGAPORE

PLANTATIONS emerged as one of the few bright spots in a dull Singapore that left most sbares slightly changed and the Straits Times industrial index 0.42 higber at 817.16.

KL Kepong managed a 7-cent rise to S$2.74 while High and Low picked up 3 cents to S$2.51. Among mixed banks, OCB gained 5 cents to S$9.35 and DBS dipped 5 cents to S$6.15.

Activity was dampened on the last day of the current settlement month although volume is not likely to increase until after Monday's holiday.

Lee Kim Tah, the most active, advanced 2 cents to S$1.51 while Sime Darby, also active, lost 2 cents to S$2.06. Cerebos finisbed 3 cents higher at S$2.14. Industrials lacked direction.

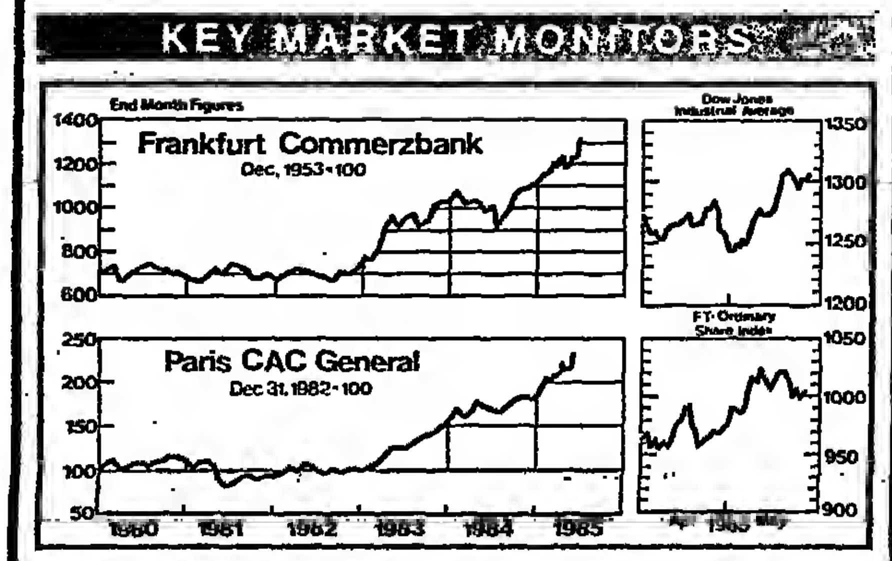
SOUTH AFRICA

SLIGHTLY higher gold prices buoyed Johannesburg bullion shares although trading remained thin ahead of the long holiday weekend.

Vaal Reefs scored a R3.50 advance to R184.50, and Free State Geduld gained R2 to R52.50. Driefontein added 25 cents to R50.25.

Industrials finished mixed with a firm bias although sector leader Barlow Rand weakened 5 cents to R12.20.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 30	Previous	Year ago
NEW YORK			
DJ Industrials	1,305.78	1,302.98	1,102.59
DJ Transport	629.65	629.98	464.4
DJ Utilities	162.29	162.19	122.69
S&P Composite	187.75	187.68	151.43
LONDON			
FT Ord	1,004.6	999.1	796.9
FT-SE 100	1,314.7	1,312.0	1,026.6
FT-A All-share	634.87	632.95	477.21
FT-A 500	697.40	694.76	521.84
FT Gold mines	461.4	463.0	681.3
FT-A Long gilt	10.70	10.74	10.92
TOKYO			
Nikkei-Dow	12,790.27	12,767.17	10,141.0
Tokyo SE	10,000.07	997.91	790.74
AUSTRALIA			
All Ord.	874.6	878.4	668.7
Metals & Mins.	539.5	542.9	441.8
AUSTRIA			
Credit Aktien	98.32	97.89	54.69
BELGIUM			
Belgian SE	2,349.51	2,343.45	—
CANADA			
Toronto			
Metals & Minls	1,984.50	2,003.2	1,948.0
Composite	2,728.64	2,736.1	2,221.6
Montreal			
Portfolio	133.01	133.78	108.11
DENMARK			
SE	n/a	192.20	179.78
FRANCE			
CAC Gen	232.6	230.2	173.0
Ind. Tendance	130.1	128.6	89.1
WEST GERMANY			
FAZ-Aktien	450.95	448.19	339.88
Commerzbank	1,321.5	1,310.1	988.9
HONG KONG			
Hang Seng	1,621.86	1,597.71	928.6
ITALY			
Banca Comm.	311.16	311.34	207.19
NETHERLANDS			
ANP-CBS Gen	210.5	210.8	153.8
ANP-CBS Ind	172.1	171.3	123.6
NORWAY			
Oslo SE	338.93	336.20	273.62
SINGAPORE			
Straits Times	817.16	816.92	954.44
SOUTH AFRICA			
JSE Golds	–	1,020.3	996.2
JSE Industrials	–	967.6	965.9
SPAIN			
Madrid SE	109.75	109.23	85.11
SWEDEN			
J & P	1,379.26	1,370.06	1,416.62
SWITZERLAND			
Swiss Bank Ind	432.7	431.1	359.3
WORLD	May 29	Prev	Year ago
Capital Int'l	210.6	210.2	175.2

GOLD (per ounce)

	May 30	Prev
London	$314.25	$316.50
Zürich	$314.75	$312.75
Paris (fixing)	$313.93	$311.19
Luxembourg	$314.80	$311.00
New York (June)	$313.20	$315.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 30	U.S. DOLLAR Previous	STERLING May 30	STERLING Previous
$	–	–	1.2745	1.2675
DM	3.08	3.078	3.925	3.9
Yen	251.5	251.75	320.5	319.0
FFr	9.385	9.39	11.95	11.9
SwFr	2.5975	2.5875	3.305	3.2775
Guilder	3.472	3.471	4.4225	4.4
Lira	1,967.5	1,971.0	2,505.5	2,494.0
BFr	61.95	62.05	78.95	78.65
C$	1.3785	1.3815	1.755	1.75

INTEREST RATES

	May 30	Prev
Euro-currencies (3-month offered rate)		
£	12¹¹⁄₁₆	12⅝
SwFr	5⅜	7⅛
DM	5⅝	5¹¹⁄₁₆
FFr	10¼	10⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	7⅞	7⅞
6-month U.S.$	8⅛	8⅛
U.S. Fed Funds	7¹¹⁄₁₆	7¹³⁄₁₆
U.S. 3-month CDs	7.50	7.50
U.S. 3-month T-bills	7.15	7.24

U.S BONDS

Treasury		May 30* Price	May 30* Yield	Prev Price	Prev Yield
9⅞	1987	100⅝₂	9.02	100⅝₂	9.06
11⅝	1992	107¹⁹⁄₃₂	10.229	107⁹⁄₃₂	10.25
11⅝	1995	105⅝₂	10.385	104³¹⁄₃₂	10.43
11¼	2015	105⅝₂	10.67	104²⁹⁄₃₂	10.71
Corporate		**May 30* Price**	**Yield**	**Prev Price**	**Yield**
AT & T					
10⅜ June 1990		100¼	10.30	100¼	10.30
3⅜ July 1990		79⅜	8.90	79⅜	8.90
8⅜ May 2000		82⅜	11.15	82⅜	11.15
Xerox					
10⅞ March 1993		97⅜	10.95	97⅜	10.85
Diamond Shamrock					
10⅜ May 1993		97¼	11.05	97¼	11.05
Federated Dept Stores					
10⅜ May 2013		92.31	11.55	92.31	11.55
Abbot Lab					
11.80 Feb 2013		102.959	11.50	102.959	11.50
Alcoa					
12⅜ Dec 2012		101.996	12.00	101.996	12.00

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	76–25	76–25	76–02	76–09
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.85	92.87	92.79	92.81
Certificates of Deposit (IMM) $1m points of 100%				
June	92.85	92.87	92.79	92.40
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.12	92.16	92.12	92.07
20-year Notional Gilt £50,000 32nds of 100%				
June	105–27	106–09	105–25	105–28

COMMODITIES

(London)	May 30	Prev
Silver (spot fixing)	482.30p	477.80p
Copper (cash)	£1,158.50	£1,178.50
Coffee (July)	£2,049.00	£2,058.00
Oil (spot Arabian light)	$26.825	$26.825

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.6	14	60	16⅞	16½	16¾	+½
18½	9⅜	AGS			12	1573	13⅞	12⅜	13⅞	+⅞
16¾	9⅝	AMCA				1	10¾	10¾	10¾	−⅛
21½	13¾	AMF	.50	2.6	55	945	19⅝	10¼	19¼	−¼
47⅛	24¼	AMR			10	1909	45⅞	45¼	45¼	−⅝
21½	18⅝	AMR pf2.18		10.		101	21⅜	21¼	21⅜	+⅛
25⅞	22⅞	ANR pf2.67		11.		3	24½	24	24½	+½
14¼	7¾	APL				15	8¾	8½	8¾	−⅛
65¼	44⅜	ASA		24.0		370	50⅝	49¾	49⅞	−⅝
27	14⅛	AVX	.32	2.2	12	143	14⅞	14½	14¾	−¼
24⅞	18	AZP	2.72	11.	8	1579	24⅛	24⅝	24⅛	+¼
54⅝	36¾	AbtLab1.40		2.6	15	868	53¾	53	53⅝	+½
25⅞	17	AccoWd.44		2.0	18	894	21⅞	21⅛	21⅝	+½
20¼	12½	AcmeC .40		2.7		301	15	14½	14⅞	+⅜
10½	7⅜	AcmeE.32b		4.0	10	5	8⅛	8	8	−⅛
17½	15	AdaEx 1.92e		11.		45	17⅜	17⅛	17⅜	+⅛
20	11⅞	AdmMl .32		3.1	6	21	15½	15⅛	15⅛	−¼
10½	8⅝	AdvSys.53t		5.1	17	54	10⅜	10⅜	10⅜	−⅛
41⅛	25⅛	AMD			11	6180	27¾	26	26⅝	−1⅛
12¾	6⅞	Advest .12		1.4		158	9	8¾	8⅞	−⅛
14⅝	6¾	Aerflex			12	86	13¼	12¾	13⅛	+⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅞	ADI n			21	85	5⅝	5	5	-⅜
18½	9¼	AL Lab	.20	5.2	14	238	u16⅞	15⅝	16⅞	+1½
22⅝	12	AMC n	.12	.6	14	503	18⅝	18	18⅝	+½
5⅞	2⅝	AM Intl				709	4⅛	3¾	3⅞	-⅛
84	58	ATT Fd	5.07e	6.1		74	82⅝	82½	82½	-⅛
6	2⅛	AcmePr				5	3	3	3	
13⅝	8½	AcmeU	.32	3.2	19	25	10⅝	10⅛	10⅛	-½
18¼	9¾	Action			33	56	11¼	11	11⅛	
6⅞	3	Acton				20b	3⅞	3½	3⅞	
1¾	5-16	Actn wt				2	5-16	5-16	5-16	
3⅞	1½	AdmRs			3	8	2	2	2	
30¼	17¼	AdRusl	.14	.5	20	36	28¾	28½	28½	-⅜
22	15	Adobe	.28	1.6	12	81	18	17⅞	18	
8⅝	4¾	Aeronc			12	128	5¼	d	4⅝	4⅞
47¼	27⅞	AlrPb s	.60	1.3	20	18	46⅝	40⅛	46⅝	+¼
9¾	5⅜	AirExp				52	8⅛	6	6⅛	+⅛
10⅝	5⅞	AirCal			14	32	9⅜	9⅜	8½	-¼
12	9¾	AirCal pf				75	11¾	11⅝	11¾	-⅛
4¾	1	Alamco			28	12	1⅛	1⅛	1⅛	
101	65½	Almito n			9	30	93⅝	93½	93½	-¼
9⅞	6⅝	AlbaW			34	18	7¼	7⅛	7⅛	-⅛
8½	5⅝	Aloha				12	6½	6⅜	6½	+⅛
19	8½	Alphaln	.05	.4	25	1332	13¼	12⅞	13	+⅜
1	9-16	Altex				82	¾	11-16	11-16	
5-16	⅛	Altex wt				5	⅛	⅛	¼	
36	28⅝	Alcoa pf3.75		11		z200	33¾	33½	33½	-⅜
28⅝	11	AlzaCp			48	298	25¼	24⅝	25¼	+¼
18¼	9½	Amdahl	.20	1.5	17	4987	13⅝	12¾	13½	-⅛
15⅞	6½	AmedcoO8		1.2		19	7	6¾	6⅝	-⅛
10¾	4⅛	AmBilt	.15	1.3	6	143	u11½	10¾	11⅛	+⅜
7⅝	4	AmCap			17	2	7⅝	7⅝	7⅝	
37½	12¾	AExp wt				305	u37¾	36⅝	37	-¼
8	5⅝	AFruc A			13	z200	6⅝	6¼	6⅝	
9	5⅝	AFruc B			11	z800	5⅞	d	5⅝	5½
12¼	7¼	AHlthM			12	12	9⅝	9½	9⅝	+⅛
8	4	AIsrael			2	13	6¾	6⅝	6⅝	
19⅞	12⅝	AMaizA	.52	3.6	31	33	14½	14¼	14⅜	
2⅞	1½	AMBId				53	2	1⅞	2	+1-16
9⅞	3	AmOil			18	20	4	3⅞	4	+¼
62½	53½	APetf	3.20	5.4	21	18	58⅞	58¾	58¾	
16	11⅝	APrec s	.24b	1.7	16	19	14½	14½	14½	

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18½	10⅝	Wendys	.21	1.1	10	2889	u18⅝	18¼	18⅝	
27¼	16¼	WestCo	.44	1.1	15	184	26½	26	26⅛	-⅜
43⅝	34⅜	WstPtP2	.20	5.8	11	549	37⅞	37½	37¾	+⅜
13⅛	9⅛	WstctT	g1.04		30	36	12⅝	12⅜	12⅝	
7	2⅝	WnAirL			64	1856	6⅞	6⅝	6¾	-⅛
2	¾	WtAir wt				552	2	1¾	2	
21½	8¼	WAir pf	2	9.3		60	u22	21½	21½	
22¾	8¾	WAir pf2.14		9.6		77	22½	21¾	22⅝	
10⅛	4	WCNA				2585	7	6½	6¾	+¼
51	47	WCNA pf7.25		15.		1	48¼	40¼	40¼	-½
128½	92	WPacl			10	19	125	124½	125	+1
24¾	6⅝	WUnion				611	10½	10¼	10⅜	-¼
20⅛	7¾	Winnbg	.20	1.5	11	905	13½	13	13	-⅛
13⅝	5⅛	Winner			43	41	6⅞	6¾	6⅞	+⅛
7¾	3¾	WinterJ				2	6¼	6¼	6¼	-⅛
38⅞	26¼	WiscEP2	.48	6.7	8	734	36⅞	36⅝	36⅞	+⅛
87	68⅝	WisE pf8.90		10.		z200	85¼	85¼	85¼	-¾
75	59½	WisE pf7.75		10.		z400	74½	74½	74½	+¼
36½	25¾	WiscPL2	.64	7.4	9	100	36	35⅝	35⅞	+⅛
31⅞	25½	WiscPS2	.56	7.1	9	33	36⅜	35⅞	36¼	+⅜
40½	21⅝	Witco	1.48	4.1	9	78	36⅛	35¾	35¾	-¼
15¼	8½	WolvW	.24	2.4	3	153	10⅛	9⅞	10	-⅛
25½	18⅝	WoodPt	.60	3.6	16	68	22⅛	22	22	-⅛
40½	32	Wolwth	2	4.3	10	1848	46⅜	48	46¼	+¼
4⅞	2⅞	WrldAr				169	4	3¾	4	+¼
67⅞	48	Wrigly	1.80a	2.7	12	76	67⅞	61	67	-⅛
6	3⅛	Wurltzr				1	4	4	4	+⅛
18	10¾	WyleLb	.32	2.6	13	29	11¼	11¼	11¼	
23⅜	17	Wynns	.56	3.4	7	13	17⅝	17½	17⅝	

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
50½	33¼	Xerox	3	6.1	21	1569	49½	48⅞	49⅛	-⅛
54⅝	45¼	Xerox pf5.45		10.		15	54⅝	54⅛	54¼	
30	24	ZaleCp	1.32	4.4	8	97	29⅞	29½	29¾	+¼
23¼	12	Zapata	.84	6.7	25	541	12⅝	12½	12⅝	+⅛
56	24	Zayre s	.48	.6	17	1307	53½	53	53⅜	-2¼
30	18⅛	ZenithE			9	3254	22¼	22	22⅜	
21⅞	14⅜	Zero s	.32	1.8	15	89	18⅜	18¼	18¼	-¼
33⅝	21⅞	Zurnln	1.32	3.9	12	723	u33¾	33¼	33½	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 30	Price Schs	+ or —
Creditanstalt	331	−8
Goesser	530	−2
Interunfall	1,370	+50
Laenderbank	321	−2
Perlmooser	592	−8
Steyr Daimler	188	+3
Veitscher Mag	505	−11

BELGIUM/LUXEMBOURG

May 30	Price Frs.	+ or —
B.B.L.	1,950	+5
Banq. Int. A. Lux	6,020	....
Bekaert B.	6,000	+100
Ciment CBR	2,480	+50
Cockerill	953	+5
Delhaize	8,690	−10
EBES	3,005	+30
Electrobel	8,820	+280
Fabrique Nat.	2,000	+10
GB Inno BM	4,510	+100
GBL (Brux)	2,015	−5
Gevaert	3,950	+65
Hoboken	5,660	+10
Intercom	2,265	....
Kredietbank	8,750	+150
Pan Hldgs.	12,000	−80
Petrofina	6,190	−60
Royale Belge	11,725	−475
Soc. Gen. Banq	3,330	...
Soc. Gen. Belge	1,980	−6
Sofina	7,180	+80
Solvay	4,450	−30
Stanwick Intl.	1,500	....
Tractionel	4,275	+35
UCB	5,440	+80
Wagon Lits	3,460	−75

DENMARK

May 30	Price Kr.	+ or —
Andelsbanken	696	....
Baltic Skand	665	+5
CopHandelsbank	276	....
D. Sukkerfab	495	....
Danske Bank	304	+1
De Danske Luft.	1,165	....
East Asiatic	288	+6
Forenede Brygg.	925	−55
Forenede Damp.	136	−6
GNT Hldg	407	−3
I.S.S.B.	485	....
Jyske Bank	630	+5
Novo Ind	1,655	−18
Privatbanken	270	−6
Provinsbanken	340	−8
Smidth (F)	248	−1
Sophus Berend	1,070	−10
Superfos	441	+1

FRANCE

May 30	Price Frs.	+ or —
Emprunt 4½% 1973	1,626	−14
Emprunt 7% 1973	8,310	+106
Accor	290	−3
Air Liquid	670	−7
BIC	865	−4
Bongrain	6,005	+35
Bouygues	846	+4
BSN Gervais	8,570	+28
CIT Alcatel	1,328	+27
Carrefour	2,425	−45
Club Mediter'n	535xc	....
Cie Bancaire	630xc	+4
Cofimeg	298.5	+0.5
Damart	2,328	+27
Darty	1,448	+31
Dumez S.A.	713	+4
Eaux (Cie Gen)	701	+6
Elf Aquitane	242	+11
Essilor	6,645	+22
Gen. Occidentale	746	−3
Imetal	132	
Lafarge Coppee	571	+24
L'Oreal	2,700	−10
Legrand	2,309	−52
Maisons Phenix	265	..
Matra S.A.	1,820	+34
Michelin B.	1,050	+17
Midi (Cie)	2,650	+20
Moet-Hennessy	2,040	+37
Moulinex	88.2	+2.2
Nord Est.	96.70	+3.75
Pernod Ricard	750	+1
Perrier	545	+3
Petroles Fra.	276	....
Peugeot S.A.	352	+14
Printempt. Aus	271.5	+5.5
Radiotech	282.5	−0.5
Redoute	1,439	+5
Roussel Uclaf	1,686	+20
Selimeg	858	.
Skis Rossignol	1,658xc	−20
Telemech Elect.	2,600	+110
Thomson CSF	567	−1
Valeo	226.6	−5.1

GERMANY

May 30	Price Dm.	+ or —
AEG-Telef.	184	−1.5
Allianz Vers	1260sr	−2
BASF	217.6	−0.6
Bayer	228.7	−1.0
Bayer-Hypo	346.5	+5.0
Bayer-Verein	362xd	+14
BHF-Bank	515	+10
BMW	385	+0.5
Brown Boveri	214	−1.5
Commerzbank	194.5	+1
Cont'l. Gummi	140	−1
Daimler-Benz	801	+8.5
Degussa	345.5	−0.5
D'sche Babcock	162.5	+1.5
Deutsche Bank	533xd	+20
Dresdner Bank	227.5xd	+0.8
GHH	154	+8
Hochtief	560	+13
Hoechst	234.7	−0.3
Hoesch Werke	109	−1
Holzmann (P)	464	−18
Horten	178	....
Hussel	287	−8
Karstadt	230	−0.8
Kaufhof	237	−3
KHD	258	+6
Kloeckner	70.3	−0.2
Linde	451	+3
Lufthansa	192	−2
MAN	265.5	−0.5
Mannesmann	167.9	−7.4
Mercedes Hld.	711	+15.5
Metallgesel	655.9	+2.9
Munech Rueck	1,385	−15
Nixdorf	587	−5.8
Porsche	1230	−4
Preussag	273.5	−1.5
Rhein West Elect	167.0	....
Rosenthal	255	−3
Schering	468	+1
Siemens	657.5	−6.5
Thyssen	104.5	+6.2
Varta	226.5	+4.5
Veba	267.5	+6.8
V.E.W.	135	+0.6
Verein-West	318	−2
Volkswagen	246.4	+3.1

ITALY

May 30	Price Lira	+ or —
Banco Com'le	19,980	−620
Bastogi IRBS	624	−6
B.I invest	3,680	−25
Centrale	3,350	+50
Credito Varesino	4,640	....
Fiat	3,205	+30
Finsider	70.2	−0.5
Generali Assicur.	47,700	+20
Italcementi	93,000	−1050
La Rinascenti	795	+8.5
Montedison	1,704	−8
Olivetti	6,580	−70
Pirelli Co	4,250	+175
Pirelli Spa	2,599	+69
Snia BPD	3,328	+8
Toro Assic.	15,495	+05
do Pref	11,050	−50

NETHERLANDS

May 30	Price Fls	+ or —
ACF Holding	208	+1
AEGON	187.5	+0.5
Ahold	222.3	−1
AKZO	107.3	−0.3
ABN	442.5	−0.5
AMEV	941.2	+2.7
AMRO	80	−0.6
Bredero Cert	175	+6
Bos Kalis Westm.	18.6	−0.2
Buehrmann-Tet.	61.5	....
Calland Hldgs.	36.5	−0.2
Dordtsche Pet'm	178.2	+1.3
Elsevier NDU	119.5	+1.2
Fokker	126	+1
Gist Brocades	183.5	−0.9
Heineken	147.2	+0.4
Hoogovens	62.6	−0.1
Int Mueller	47.5	−0.5
KLM	56.3	+0.1
Naarden	48.4	−0.4
Nat Ned Cert	66.4	...
Ned M'd Bank	186	−0.5
Nedlloyd	174.5	+1
Oce Grinten	325	+3
Ommeren (Van)	29	+0.2
Pakhoed	65.1	−0.2
Philips	56.8	+0.5
Robeco	74.2	+0.3
Rodamco	139.2	−0.2
Rolinco	68.6	−0.5
Rorento	45.5	−0.4
Royal Dutch	197	....
Unilever	346	+2
VMF Stork	901	−1
VNU	905.5	..
West Utr Bank	107.4	+1.4

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

May 30	Price Kroner	+ or —
Bergens Bank	140.5	+0.5
Borregaard	430	+35
Christiania Bank	136.5	+1
DenNorske Cred	143	−8
Elkem	146	+2
Kvaerner	165	−9
Norsk Data	535xc	+8
Norsk Hydro	108.5	....
Storebrand	286	+11

SPAIN

May 30	Price Pts %	+ or —
Bco Bilbao	545	....
Bco Central	320	−1
Bco Exterior	815	+3
Bco Hispano	155	....
Bco Popular	564	−2
Bco Santander	363	..
Dragados	147.5	+3.3
Hidrola	84	−1.8
Iberduero	94.5	+1.5
Petroleos	148	−2
Telefonica	128	....

SWEDEN

May 30	Price Kronor	+ or —
AGA	365	....
Alfa-Laval	183	+1
ASEA (Free)	330	....
Astra (Free)	440	+6
Atlas Copco	113	....
Cardo (Free)	635	....
Cellulosa	119	+2
Electrolux B.	276	+1
Ericsson	307	+6
Esselte	380	+5
Mo och Domsjo	170xc	+5
Pharmacia	295	−1
Saab Scania Free	420	..
Sandvik	565	....
Skandia	295	−4
Skan Enskilda	44	+1
SKF	218	+2
St Kopparbergs	242	+2
Sven Handlesbn	147	+4
Swedish Match	606	−6
Volvo B (Free)	236	+6

SWITZERLAND

May 30	Price Frs.	+ or —
Alusuisse	800	+5
Bank Leu	3,750	−25
Brown Boveri	1,635	+5
Ciba Geigy	3,200	..
do. (Part Certs)	2,505	+5
Credit Suisse	2,605	+5
Elektrowatt	2,775	....
Fischer (Geo.)	810	+5
Hoff-Roche PtCts	90,125	....
Hoff-Roche 1/10	6,025	....
Jacobs Suchard	5,885xr	+15
Jelmoli	2,095	−15
Landis & Gyr	2,705	+50
Nestle	6,330	−40
Oer-Buehrle	1,465	+15
Pirelli	341	....
Sandoz (Br)	8,500	+150
Sandoz (PtCts)	1,430	+10
Schindler (PtCts)	855	+35
Sika	1,620	..
Surveillance	4,560	+60
Swissair	2,155	+28
Swiss Bank	407	+1
Swiss Reinsce	12,100	+400
Swiss Volksbk.	1,600	+15
Union Bank	3,875	−5
Winterthur	4,350	+50
Zurich Ins.	24,980	−145

AUSTRALIA

May 30	Price Aust $	+ or —
ANZ Group	4.56	+0.02
Alliance Oil Dev.	1.10	....
Ampol Pet	1.84	−0.01
Ashton	1.01	....
Aust. Cons. Ind.	2.50	....
Aust. Guarantee	2.45	....
Aust. Nat. Inds	2.86	−0.06
APM	2.78	−0.02
Bell Group	7.38	....
Bell Res.	7.30	−0.06
Bond Corp Hldgs	1.20	−0.05
Boral	3.28	....
Bougainville	2.17	−0.03
Brambles Inds	5.73	....
Bridge Oil	2.30	+0.05
B.H. Prop	6.26	−0.06
CRA	6.30	−0.14
CSR	2.75	....
Castlemaine Tys.	6.14	−0.04
Coles (G.J.)	3.72	....
Comalco "A"	2.12	−0.04
Consolidated Pet	11.40	−0.82
Costain Aust.	1.7	....
Dunlop Olympic	2.15	−0.02
Elders IXL	2.98	−0.02
Energ Res.	1.51	−0.01

AUSTRALIA (continued)

May 30	Price Aust. $	+ or —
Gen. Prop. Trust	8.32	....
Hardie (James)	3.20	....
Hartogen Energy	3.35	−0.05
Herald W'y Times	4.65	−0.08
ICI Aust	2.00	....
Jimberlana F.P.	0.38	−0.01
Kia Ora Gold	0.13	−0.01
Lend Lease	6.8	−0.9
MIM	2.96	+0.02
Mayne Nickless	3.1	−0.05
Myer Emporium	1.9	−0.02
Nat. Aust. Bank	4.4	−0.01
News	7.6xc	+0.1
Nicholas Kiwi	1.93	....
North Bkn Hill	2.56	−0.02
Oakbridge	1.0	−0.01
Pancont'l	1.73	−0.05
Pioneer Conc.	1.66	−0.01
Poseidon	4.08	−0.02
Queensland Coal	1.64	+0.02
Reckitt & Coln.	5.5	....
Repco	1.20	....
Santos	5.8	−0.04
Smith (Howard)	4.75	....
Thos. Nationwide	2.6	−0.06
Tooth	6.88	....
Vamgas	4.10	....
Western Mining	4.03	+0.02
Westpac Bank	4.23	−0.07
Woodside Petrol	1.60	....
Woolworths	2.91	−0.01
Wormald Intl.	5.6	−0.05

HONG KONG

May 30	Price H.K. $	+ or —
Bank East Asia	66.5	....
Cheung Kong	26.8	+0.4
China Light	26	+0.3
Evergo	0.86	....
Hang Seng Bank	53.5	−6.5
HK Electric	8.46	+0.15
HK Kowloon Wh.	6.5	+0.9
HK Land	5.8	+0.15
HK Shanghai BK.	5.15	+0.05
HK Telephone	65.5	+2.5
Hutchinson Wpa	64.5	−0.5
Jardine Math	21.4	−0.6
New World Dev.	7.15	+0.05
Orient O'seas	2.15	....
Oseas Trust Bk	3.05	+0.08
SHK Props.	18.3	+0.3
Shell Elect.	1.38	....
Swire Pac A	23.3	−0.1
TV-B	7	+0.1
Wheel'k Mard A.	7.3	....
Wheel'k M'time.	1.10	....
World Int. Hldns.	2.15	−0.08

JAPAN

May 30	Price Yen	+ or —
Ajinomoto	1,150	+50
Alps Electric	2,610	−30
Amada	960	−31
Asahi Chem	1,070	....
Asahi Glass	887	+8
Bridgestone	534	+8
Canon	1,900	....
Casio Comp.	2,660	..
Chugai Pharm.	1,090	+40
Citizen	470	+5
Daiei	708	−14
Dai Nippon Ptg	1,060	−10
Daiwa House	645	+3
Ebara	457	+5
Eisai	1,390	....
Fanuc	8570xr	+70
Fuji Bank	1,590	+60
Fuji Film	1,810	+20
Fujisawa	993	+15
Fujitsu	1,130	+20
Green Cross	2,690	....
Hasegawa	433	+13
Heiwa Real Est.	940	+10
Hitachi	753	−12
Hitachi Credit	1,110	....
Honda	1,330	−10
House Food	739	+6
Hoya	2,010	−30
Itoh (C)	428	+8
Ito. Yokado	2,680	+30
Iwatsu	865	−16
JACCS	347	−9
JAL	6,630	−150
Jusco	823	+13
Kajima	318	+18
Kao Soap	850	+8
Kashiyama	693	−5
Kirin	737	+22
Kokuyo	970	−20
Komatsu	455	+13
Konishiroku	693	+7
Kubota	335	+1
Kumagai	611	+20
Kyoto	4,650	−60
Maeda Const.	615	−3
Makino Milling	1,070	−10
Makita	1,010	+10
Marubeni	357	+12
Marudai	624	−5
Marui	1,160	−50
MEI	1,450	+20
M'ta Elec Works	625	+25
M'bishi Bank	1,590	−20
M'bishi	647	+31
M'bishi Elect	363	+1
M'bshi Estate	755	−2

JAPAN (continued)

May 30	Price Yen	+ or —
MHI	386	−5
Mitsui	566	−2
Mitsui Estate	825	−15
Mitsukoshi	568	....
NGK Insulators	856	−4
Nihon Cement	295	+2
Nippon Denso	1,510	−20
Nippon Elect	1,020	−40
Nippon Express	413	−4
Nippon Gakki	1,530	−20
Nippon Kokan	158	....
Nippon Oil	865	+4
Nippon Seiko	578	−13
Nippon Shimpan	600	+10
Nippon Steel	152	+2
Nippon Suisan	368	+8
NTV	10,060	−40
Nippon Yusen	381	−1
Nissan Motor	615	−5
Nisshin Flour	515	+1
Nisshin Steel	168	−1
Nomura	1,170	+30
Olympus	1,190	−50
Orient Leasing	6,900	....
Pioneer	2,780	−80
Renown	684	+1
Ricoh	930	−6
Sankyo	1,300	+110
Sanyo Elect.	431	−5
Sapporo	485	+10
Sekisui Prefab	673	−1
Seven-Eleven	8,840	−70
Sharp	921	−19
Shimadzu	738	−5
Shionogi	830	+30
Shiseido	1,140	−20
Sony	4,190	+50
Stanley	870	+50
S'tomo Bank	1,860	+60
S'tomo Elect	837	+6
S'tomo Marine	670	−3
S'tomo Metal	250	−1
Taihei Dengyo	495	+2
Taisei Corp.	233	+5
Taisho Pharm	1,150	+20
Takeda	882	−22
TDK	4,630	−20
Teijin	450	−8
Teikoku	740	−4
Tokio Marine	909	+5
TBS	850	+20
Tokyo Elect Pwr	1,880	−40
Tokyo Gas	214	−6
Tokyo Sanyo	658	−2
Tokyo Style	876	−4
Tokyu Corp	413	−6
Toppan Print	868	+8
Toray	476	−5
Toshiba Elect.	371	....
TOTO	698	+8
Toyo Seikan	1,050	−10
Toyota Motor	1,850	−10
Victor	1,790	−30
Wacoal	721	....
Yamaha	730	−15
Yamanouchi	5,030	−20
Yamazaki	745	+4
Yasuda Fire	610	+1
Yokogawa Bdge.	468	+10

SINGAPORE

May 30	Price $	+ or —
Boustead Hldgs.	1.70	+0.02
Cold Storage	4.48	....
DBS	8.25	−0.05
Genting	8.85	....
Haw Par. Bros.	2.48	....
Hong Leong Fin.	3	....
Inchcape Bhd.	2.42	....
Keppel Shipyard	1.6	+0.02
Malay Banking	6.85	+0.05
Malay Utd. Ind.	6.57	+0.02
Multi Purpose	0.90	....
OCBC	9.35	+0.05
OUB	3.56	−0.02
Public Bank	1.52	−0.01
Sime Darby	2.06	−0.02
Singapore Press	0.15	....
Straits Trdg.	4.46	....
Tat Lee Bk	2.8	....
UOB	4.42	+0.02

SOUTH AFRICA

May 30	Price Rand	+ or —
Abercom	2.60	−0.88
AE&CI	8.00	−0.05
Allied Tech	61.0	....
Anglo Am Coal	52.25	−0.25
Anglo Am Corp	28.35	+0.35
Anglo Am Gold	175	....
Barclays Bank	18.75	−0.50
Barlow Rand	12.20	−0.05
Buffels	82.0	+1.5
CNA Gallo	3	....
Currie Finance	4.5	....
De Beers	10.80	+0.05
Driefontein	60.25	+0.25
FS Geduld	56.28	+2.00
Gold Fields SA	35.5	....
Highveld Steel	4.65	....
Nedbank	13.80	+0.25
OK Bazaars	15.00	....
Protea Hldgs.	2.25	+0.05
Rembrandt	39.25	....
Rust Plat	16.65	+0.15
Safren	15.90	+0.05
Sage Hldgs	10.25	....
SA Brews	8.10	..
Smith (AC)	27	....
Tongaat Hulet.	6.95	0.05
Unisec	5.26	....

CANADA

TORONTO

Closing prices May 30

Sales	Stock	High	Low	Close	Chng
181400	Canron A	\$12½	12⅞	12½	−¼
3875	Crownx	\$20½	20⅛	20⅛	
24300	Czar Res	200	195	200	+4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2600	Lacana	\$11⅞	11⅞	11⅞	−¼
6048	LL Lac	\$63½	61½	62¼	−1¼
115	Loblaw Co	\$18⅞	18⅝	18⅝	+⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1908	Teck B f	\$13½	13¼	13¼	−¼
2100	Tex Can	\$34⅞	34⅞	34⅞	−¼
8615	Thom N A	\$21½	21⅞	21½	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices May 30

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock		Sales (Hlds)	High	Low	Last	Chng
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CnAut	e	20	4¼	4	4	−½
CwnBk		30	13½	13⅝	13⅝	−⅛
Crump	.44	32	62	31½	61½	
CollnFr	.94	377	19½	19¼	19¼	−¼
Cullum	.56	54	22⅞	22⅜	22½	+⅛
Culp		.086	7¼	7	7⅛	+¼
Cycare		1	23¾	23¾	23¾	−¼
CyprSv	.20e	13	9½	9¼	9½	+¼
Cyprus		768	15	16	15	
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 32

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Ex 11% 1989	£98¾	+ ¼
Exch. 12% 2013/17	£114¾	+ ½
Blue Arrow	182	+ 7
Body Shop Intl.	740	+30
Carlton Comm	800	+40
Energy Capit	48	+ 6
Evered	284	+10
Fisons	370	+ 8
ICI	778	+11
McLeod Russel	340	+10
Meggit	106	+12
Our Price	495	+15
Petranol	220	+15
Slingsby (H.C.)	118	+13
Sovereign Oil	160	+10
Tate & Lyle	455	+ 8
Tex Abrasives	87	+ 9
Utd. Scient	213	+ 7

FALLS

Borthwick (T)	35	− 4
CRA	328	−10
Cap & Count.	197	− 6
Comb Eng. Stores	146	− 8
MECP	292	− 6
Peachey	257	− 7
Woodh. (Jonas)	33	− 3

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Rising pound triggers overseas demand for Gilts; Equities also move higher

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* " New-time " dealings may take place from 8.30 am two business days earlier.

A mood of cautious optimism pervaded equity sectors but most of the activity in London yesterday centred on Government stocks. Encouraged by the strength of sterling and a further improvement in U.S. bonds overnight, overseas investors concentrated their funds on medium and longer life gilts. Demand was sufficient to exhaust the authorities' supply of the £150m tranche of Treasury 10 per cent 1992, at 96½ and of the £250m issue of Exchequer 10½ per cent 2005, at 102.

Further considerable business on domestic account was generated by the long list of stocks currently being dealt in special ex-dividend form. At the longer end of the market, gains stretched to ⅞ before being pared late to around ½, while the shorts benefited from earlier interest rates in money markets, and achieved rises ranging to ¼. Index-linked stocks were overshadowed following the Government broker's activation of the Treasury 2 per cent 1990 taplet, at 98⅝, late the previous day.

Leading equities opened on a brighter note following comment on last month's trade returns and the improved export performance. The FT Ordinary share index moved through the 1,000 level again at the first calculation and thereafter showed little sign of faltering to close 5.5 up on the session at 1,004.6. Traders were heartened by the current resilience of Wall Street — the Dow Jones index overnight held above the crucial 1,300—which reflects hopes of further reductions in short-term interest rates.

The approaching close of the extended trading Account in London brought some "new-time" buying of both top-quality and speculative issues. International stocks were also favoured, despite the rising pound, with the accent on Chemical and Pharmaceutical leaders ICI, Beecham and Glaxo. Worries over international oil prices faded into the background but the sector lagged behind in the general advance.

Banks subdued

The major clearing banks were subdued throughout and closed virtually unchanged. Elsewhere, Standard and Chartered found support and rose 12 to 477p.

Among Lloyds brokers, Hogg Robinson continued to react in the wake of the abortive merger talks with C. E. Heath and shed 5 for a two-day fall of 25 to 255p; Heath rose 7 to 627p.

Charlie Browns Car Part Centres made a bright start in the Unlisted Securities Market; the shares, placed at 76p, opened at 80p and moved up to 85p. The debut of the other USM newcomer John Perkins Meats, was given a boost by reports that Mr Vasant Advani's Grovebell, through its Atlanta Investment Trust subsidiary, had acquired a 25.3 per cent stake in the company and also boardroom representation; Perkins shares, offered at 41p, began at 43p and touched 47p prior to closing at 45½.

Movements among leading Buildings were limited to a few pence in either direction. Elsewhere, Meyer International attracted " new time " buying on hopes that the company will soon attract a takeover bid and touched 143p prior to closing a couple of pence dearer at 142p.

ICI attracted steady support and closed 11 higher at 778p, while Croda International met with further buying interest at 138p, up 2. Dealings in USM-quoted Mebon resumed at 122p compared with the suspension price of 75p following the agreed offer of 125p per share from BP Chemicals.

Leading Stores traded without distinction and it was left to secondary counters to make the running. Buyers displayed fresh enthusiasm for USM-quoted Body Shop International, which touched 745p before settling 30 higher on balance at 740p; the interim results are scheduled for June 12. Our Price, aided by a further Press mention, rose 15 more to 495p, but recent speculative favourite Combined English Stores met occasional profit-taking and reacted 8 to 146p. Sporadic interest was shown in Ward White, 4 better at 298p, and in Vantona Viyella, 6 to the good at 322p, while Time Products hardened a couple of pence to 451p; the last-mentioned is due to reveal preliminary figures next Tuesday. Greenfield Blocks remained friendless in the wake of the recent heavy deficit and final dividend omission and closed 2 off at 22p for a slump of 24 over the past four trading sessions.

Leading Electricals put on a much steadier performance as recent selling pressure lifted. Elsewhere, takeover talk persisted in United Scientific, 7 higher at 213p, while Crystalate rallied 5 to 153p. Buying interest revived in Molynx, which put on 7 to 69p, but Oceonics fell 15 to 65p in the absence of bid developments. Micro Focus rallied 10 to 350p and Microlease 7 to 315p. In contrast, MMT Computing eased 5 further to 180p and CPS Computer gave up 3 to a new low for the year of 95p.

Early interest in the Engineering sector centred on Vickers, the price rallied to 307p on the announcement that the Kuwaiti Investment Office had acquired the Reliance Group Holdings stake, but subsequently reacted to close a couple of pence easier on the day at 295p. TI were also noteworthy for a fresh speculative rise of 10 to 268p, after 270p. Elsewhere, Meggitt Holdings advanced 12 to 106p on "new-time" buying accompanied by talk of expansion moves, while Tex Abrasives, reflecting continued takeover hopes, advanced 9 more to 87p. Edbro improved 5 to 140p in response to the results and revived support left APV 8 to the good at 275p.

News that dealings in Nabisco Brands, talked of as a possible bidder for Rowntree Mackintosh, had been suspended in New York and London prompted a withdrawal of recent speculative support from Rowntree Mackintosh which dipped to 430p before rallying smartly to close just a couple of pence cheaper on balance at 440p. Following news of R. J. Reynolds' bid for Nabisco, the latter resumed trading and jumped to £63¾ prior to closing a net 7 points higher at £61½. Elsewhere in the Food sector, Tate and Lyle opened several pence higher following comment on the interim results and moved ahead to touch 457p prior to closing 8 up on balance at 455p. Among Retailers, Argyll found support and rose 5 to 313p, while Tesco recovered from early dullness to close unchanged at 260p. Recently-dull Freshbake rallied 3 to 69p awaiting today's preliminary statement, while Hunter Saphir closed 2 firmer at 135p, after 128p, following the annual results.

Selected international stocks encountered further U.S. demand and Beecham rose 12 more to 377p; the preliminary results are expected next month. Glaxo, helped also by American buying overnight, closed ⅜ higher at £12⅛, while BOC edged up 5 to 310p. The preliminary statement from Boots caused a certain amount of initial confusion and the price, which touched 197p immediately after the figures, fell back to 188p before closing a penny better on the day at 194p. Elsewhere, Evered moved up 10 to 264p following the proposed £24.6m rights issue and dividend forecast. Good results lest Lep Group 8 higher at 273p, while Appledore improved 4 to 270p on interim figures. Blue Arrow rose 7 to 182p after the announcement of a management " buy-out " in respect of its tour operations business. Speculative demand left H. Silnsby 13 higher at 118p and bid hopes prompted a rise of 1½ to 37½p in Duport. Extel finished a few pence firmer at 333p on the preliminary statement, while Magnolia Holdings firmed 6 to 67p in response to the encouraging tenor of the chairman's annual statement. Further demand left Fisons 8 to the good at 370p and Pentland 25 dearer at 960p. British Aerospace, helped by the Pan American Airways contract, improved 7 to 400p.

Among Motor Components, Jonas Wodhead eased 3 more to 33p as Parsons and Whittemore Lyddon announced that its purchase of a disclosable stake in Woodhead was intended for investment purposes only.

Portsmouth and Sunderland Newspapers rose 4 to 142p following the annual results and proposed scrip issue.

Properties were overshadowed by Tuesday's disappointing trading statements from MEPC and Capital and Counties. The former shed 6 for a two-day fall of 11 to 292p, while the latter lost 8 more to 197p. Land Securities were steady at 290p, but Peachey fell 7 to 257p following news of the agreed purchase of properties from Lloyds Bank Property Company, a wholly-owned subsidiary of the clearing bank, for £28.2m.

Shipping remained dull. Ocean Transport eased 2 for a two-day decline of 6 to 177p, while British and Commonwealth, dull late last week following the annual results, gave up 3 more at 257p.

Oils steadier

Recent widespread publicity given the possibility of lower oil prices and the Saudi Arabian oil minister's call for some reduction in quotations of heavier crudes continued to cast a shadow over the oils sector. However, sentiment turned in the afternoon following news of an Iraqi air attack on the Iranian oil terminal at Kharg Island. Dealers reported persistent small buying interest after hours, which included demand from U.S. operators, and the leaders picked up to close with modest gains on balance. Secondary issues were much quieter than of late, although Sovereign Oil made good progress and settled 10 firmer at 160p following the annual meeting. Energy Capital attracted substantial speculative support during the morning and raced up to a year's best of 55p before profit-taking left the close a net 6 up at 48p. Thomas Borthwick shed 4 to 35p, while Harrisons and Crosfield eased 9 more to 438p, following cautious comment in the wake of their respective interim and preliminary statements.

Golds easier

Bullion's failure to capitalise on an encouraging overnight performance in New York, when the metal price touched $318 an ounce, brought an abrupt halt to Wednesday's rally in South African Golds. Bullion opened around $315 in London and subsequently slipped back to below $314 prior to closing a net $2.5 down at $314.25, despite the weakness in the dollar.

Gold shares opened on a reasonably steady note and managed to record minor gains in some places reflecting small demand from the Continent and the Cape. However, prices retreated in the afternoon, along with bullion, when U.S. selling and the rise in sterling left many quotations around the day's lowest levels.

The Gold Mines index gave up 1.8 at 461.4.

Financials did little more than drift throughout the session. Gencor were finally ⅜ off at £12¼ and Minorco succumbed to profit-taking which left the shares 30 cheaper at 680p. UK-domiciled Financials moved narrowly with Rio Tinto-Zinc closing 3 easier at 589p, after 585p, following the chairman's remarks at the annual meeting.

Australians remained depressed by the continuing weakness of overnight domestic markets—Sydney and Melbourne lost ground for the sixth successive trading day — and attracted persistent small selling pressure which was generally directed towards the leading Golds. Gold Mines of Kalgoorlie dropped 25 more to 480p and Central Norseman fell a further 20 to 438p, after 433p.

Gold exploration newcomer Thames Mining made a satisfactory London debut; offered for sale at 25 cents (around 13p) the shares closed at 15½p while the options, which were issued in the ratio of one option for every ordinary share, were finally quoted at 5½p.

After a brief burst of activity on Wednesday as the May series expired, business transacted in Traded Options returned to more subdued levels yesterday. Total contracts struck amounted to 5,096—3,404 calls and 1,692 puts. Beecham were to the fore and recorded 469 calls, 379 in the June 390s and 256 puts reflecting the strength of the underlying share price.

FINANCIAL TIMES STOCK INDICES

	May 30	May 29	May 28	May 24	May 23	May 22	year ago
Government Secs.	81.24	81.03	80.87	80.80	80.86	80.93	70.07
Fixed Interest	86.32	86.81	86.84	86.78	86.70	85.73	82.48
Ordinary	1004.6	999.1	1006.3	1001.0	1010.2	1020.3	790.9
Gold Mines	461.4	463.0	430.4	477.3	479.8	484.9	681.5
Ord. Div. Yield	4.61	4.66	4.59	4.61	4.58	4.54	4.94
Earnings, Yld.% (full)	11.58	11.80	11.64	11.90	11.53	11.46	11.47
P/E Ratio (net) (*)	10.54	10.48	10.87	10.62	10.37	10.93	10.48
Total bargains (Est.)	22,645	22,873	26,833	23,600	26,097	27,086	21,370
Equity turnover £m.	—	388.60	348.70	427.03	456.92	496.85	302.48
Equity bargains	—	18,920	18,369	21,899	23,383	23,837	10,601
Shares traded (mll)	—	183.9	154.0	232.9	239.9	229.8	105.

10 am 1002.3 11 am 1004.2 Noon 1004.2 1 pm 1003.5
2 pm 1003.9 3 pm 1004.2

Basis 100 Govt Secs. 15/10/26. Fixed Int 1928. Ordinary 1/7/35. Gold Mines 12/9/55 SE Activity 1974

Latest Index 01-246 8026.

*Nil = 10.18

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.00 (15/8)	78.02 (28/1)	127.4 (9/1/35)	49.10 (3/1/75)
Fixed Int.	80.18 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ordinary	1024.5 (22/1)	928.7 (8/1)	1024.0 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	439.3 (28/1)	734.7 (15/2/83)	43.3 (26/10/71)

	May 29	May 28
Daily Gilt Edged Bargains	168.3	100.6
Equities Bargains	121.9	120.1
Equities Value	783.3	704.8
5 day Average Gilt Edged Bargains	171.1	184.0
Equities Bargains	140.7	131.7
Equities Value	850.4	816.0

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (72)

BRITISH FUNDS (7)
Treas 3pc 1987 — Fund 5½pc 1987-91
Treas 3pc 1978-88 — Treas 12½pc 1993
Treas 5pc 1986-89 — Fund. 6pc 1993
Treas 11¼pc 1991
INTL. BANK & O'SEAS GOVT. STERLING ISSUES (1)
Int. Am. Dev. Bk. 12½pc 2003
CORPORATION LOANS (2)
GLC 6¼pc 1990-92 — LCC 6¼pc 88-90
LOANS (1)
Inv. in Ind. 11pc Uns Ln 1990
AMERICANS (1)
Hasbro Bradley
BANKS (4)
Algemene Bk. Ned — Manson Finance
Deutsche Bank — Cie Bancaire
BREWERS (2)
Marston Thompson — Wolverhampton & Dudley
BUILDINGS (8)
Costain — Lon & Clydeside
Galliford — Maver Intl.
Hewden-Stuart — Newarthill
10pcLn 2001-08 — Raine Inds.
Lafarge-Coppee
CHEMICALS (2)
Mebon — Ransom (Wm.)
STORES (6)
Body Shop Intl. — Our Price
Freemans — Stanley (A. G.)
Moss Bros. — Time Products
ELECTRICALS (1)
Alphameric
ENGINEERING (4)
Laird — Tex Abrasives
Meggitt — Vosper
FOODS (3)
Banks (Sidney C.) — Matthews (B.)
Argyll Group
HOTELS (2)
Lon Park Hotels — Midsummer Inns
INDUSTRIALS (15)
BOC — Hunting Assoc.
Blue Arrow — MY Dart
Boot (Henry) — Magnolia
Duport — Pentland Inds
Evered — Renwick
Fisons — Stocklake
Friedland Doggart — Wigney
Hargreaves
INSURANCE (1)
Ldn & M'chester Gp.
MOTORS (1)
Cowie (T.)
PAPER (1)
Carlton Comms.
PROPERTY (2)
City Site Estates — Mountleigh
TRUSTS (4)
M&G 2nd Dual Cap. — Henderson Admin.
Pacific Assets — Pize Invest
OILS (2)
Energy Capital — Fisherman's Petrlm.
PLANTATIONS (2)
McLeod Russel — Do 6.4pcCnv.Pf.

NEW LOWS (57)

AMERICANS (2)
City Fed. Financial — Cullinet Software
BANKS (1)
Moorgate Mercantile
BUILDINGS (3)
Brickhouse Dudley — Smart (J.)
Gibbs & Dandy A
CHEMICALS (1)
Perstorp AB
STORES (1)
Greenfield Blacks
ELECTRICALS (14)
Bulgin A — Mnemos
CPS Computer — Norbain Elect.
Circaprint — Northamber
Control. Microwave — Oceonics
Dubilier — Quest Automation
MMT Computing — Sarasota Technology
Memcom Intl — TDK
ENGINEERING (2)
Adwest — Wellman
FOODS (1)
Mayflew Foods
INDUSTRIALS (9)
Alfa-Laval — Elsco
Assoc. Energy — Keep Trust
Bensfords — Quorron Systems
CSR — Spong
Dalgety
LEISURE (2)
Tottenham Hotspur — 21st Century Dist.
PROPERTY (2)
Compco — Prop Sec. Inv. Tst.
TEXTILES (2)
Richards — Sunbeam Wolsey
TRUSTS (4)
Akroyd & Smithers — Japan Assets 4½pc
Cambrian & Gen. — Cnv.Ln. '94
Edinburgh Fin. Tst
OILS (6)
Crusader Oil — Ranger Oil
Marinex Petroleum — Santos
Ohio Resources — Strata Oil
MINES (7)
Bivvoor — North Broken Hill
Afox — Pahang
Balmoral Resources — Sungei Besi
Bond Corp.

ACTIVE STOCKS

Stock	No. of changes	Wed. close	Day's change
BAT Inds	18	313	—
Thorn EMI	16	465	−3
Brit Aerospace†	16	219	−3
Pentland Inds	14	935	+35
ICI	13	767	+2
Marley	13	85	−4
RTZ	13	592	−8
Beecham	12	365	+10
Brit Telecom	12	197	—
Cable & Wire	12	540	—
Euro Ferries	12	139	−3
Rowntree Mack	12	422	−3
Shell Trans	11	695	−8
Burton	10	479	−6

† Partly-paid

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur May 30 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Weds May 29 Index No.	Tues May 28 Index No.	Fri May 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	546.43	+0.2	10.26	4.11	12.19	7.11	545.41	549.24	548.30	466.05
2	Building Materials (23)	536.32	—	12.26	4.82	9.98	6.84	536.08	539.46	539.06	456.02
3	Contracting, Construction (29)	770.20	+0.4	13.13	5.35	9.86	16.40	767.37	767.74	768.33	650.42
4	Electricals (15)	1511.30	+0.5	10.36	4.82	12.19	27.85	1503.40	1520.55	1527.52	1583.38
5	Electronics (37)	1544.05	—	9.57	3.30	13.58	13.77	1543.44	1564.05	1550.36	1581.70
6	Mechanical Engineering (63)	310.84	+0.5	10.29	4.44	11.84	4.70	309.40	312.32	312.68	232.78
8	Metals and Metal Forming (7)	198.26	+0.8	12.53	7.67	9.99	3.71	196.63	197.58	196.96	174.38
9	Motors (17)	162.02	+0.2	13.50	5.20	9.19	3.09	161.71	162.67	163.25	124.77
10	Other Industrial Materials (17)	985.43	+0.1	7.25	3.19	16.56	11.22	984.75	980.87	984.21	628.17
21	CONSUMER GROUP (177)	666.80	+0.4	9.62	3.80	12.84	6.86	664.00	666.32	663.47	480.51
22	Brewers and Distillers (23)	606.59	+0.6	11.29	4.58	11.06	3.72	603.05	605.58	601.48	502.20
25	Food Manufacturing (20)	504.41	+0.1	12.18	4.83	10.47	9.54	503.88	506.05	504.52	361.10
26	Food Retailing (13)	1591.17	+0.5	5.48	2.49	24.30	5.76	1583.74	1590.92	1590.56	1107.75
27	Health and Household Products (9)	1095.54	+2.1	5.97	2.58	19.58	5.75	1073.49	1070.50	1062.45	750.81
29	Leisure (23)	692.64	—	8.53	4.69	15.28	12.59	692.89	694.54	685.14	590.91
32	Newspapers, Publishing (12)	1773.99	−0.5	6.90	4.28	18.74	32.34	1782.19	1793.63	1797.88	1233.12
33	Packaging and Paper (14)	326.78	+0.1	11.76	4.02	9.78	2.30	326.46	326.89	324.70	224.31
34	Stores (41)	646.68	+0.1	7.54	3.19	17.86	5.00	645.87	650.70	647.64	432.32
35	Textiles (19)	330.83	+0.4	16.61	4.78	6.97	3.78	329.56	331.27	330.14	259.87
36	Tobaccos (3)	828.37	−0.7	18.80	5.18	6.23	17.44	834.51	835.49	839.33	564.24
41	OTHER GROUPS (90)	714.36	+0.4	8.50	3.85	14.83	5.68	711.29	712.17	707.44	413.04
42	Chemicals (17)	775.87	+1.2	13.41	4.78	9.22	14.95	766.36	765.81	755.84	550.96
44	Office Equipment (4)	185.09	+0.2	7.12	4.54	17.43	3.52	184.64	185.88	185.48	115.41
45	Shipping and Transport (12)	1152.92	−0.2	6.54	4.56	19.65	22.83	1155.39	1173.18	1185.25	810.78
46	Miscellaneous (63)	888.80	+0.2	6.96	3.32	17.64	6.30	886.66	888.27	884.18	570.52
48	Telephone Networks (2)	892.31	+0.3	7.50	3.61	17.40	0.70	889.90	889.90	882.69	8.0
49	INDUSTRIAL GROUP (483)	655.66	+0.4	9.47	3.89	13.15	6.77	653.28	655.74	652.93	470.34
51	Oils (17)	1151.07	+0.5	16.06	7.23	7.65	37.60	1145.66	1155.23	1150.97	1081.68
59	500 SHARE INDEX (500)	697.40	+0.4	10.33	4.33	12.02	9.23	694.76	697.79	695.49	521.64
61	FINANCIAL GROUP (113)	468.46	+0.2	—	5.34	—	8.31	467.56	469.85	471.06	344.83
62	Banks (6)	464.58	+0.2	16.69	7.44	8.55	11.71	463.60	466.21	469.41	336.01
65	Insurance (Life) (8)	713.00	+0.8	—	4.45	—	14.71	707.12	706.26	710.80	443.08
66	Insurance (Composite) (7)	353.94	+0.4	—	5.51	—	8.53	352.55	353.68	353.16	253.08
67	Insurance (Brokers) (7)	1145.83	+0.3	7.79	3.60	17.27	17.24	1141.77	1148.52	1148.11	698.30
68	Merchant Banks (11)	226.86	−0.2	—	4.27	—	1.22	227.37	229.39	229.77	194.83
69	Property (50)	628.70	−0.6	5.86	3.69	23.29	3.28	632.68	638.00	638.14	528.28
70	Other Financial (24)	286.68	+0.6	8.61	5.63	14.12	4.78	284.95	286.57	286.07	225.13
71	Investment Trusts (106)	597.37	−0.2	—	3.41	—	5.96	598.46	600.65	601.69	458.72
81	Mining Finance (4)	283.46	−0.1	11.27	5.58	10.39	5.29	283.83	285.97	288.85	290.84
91	Overseas Traders (14)	666.03	−0.9	9.25	6.37	13.37	12.19	672.12	674.35	674.36	528.01
99	ALL-SHARE INDEX (737)	634.87	+0.3	—	4.47	—	8.80	632.95	635.76	634.53	477.21

	Index No.	Day's Change	Day's High	Day's Low	May 29	May 28	May 24	May 23	May 22	Year ago
FT-SE 100 SHARE INDEX	1314.7	+2.7	1315.8	1311.1	1312.0	1317.4	1313.8	1325.3	1333.8	1021.0

FIXED INTEREST

	PRICE INDICES	Thur May 30	Day's change %	Weds May 29	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.64	+0.13	117.50	—	4.58
2	5-15 years	129.37	+0.30	128.98	—	5.07
3	Over 15 years	135.99	+0.33	135.54	—	3.47
4	Irredeemables	144.81	+0.42	144.21	—	6.07
5	All stocks	127.99	+0.24	127.68	—	4.72
6	Debentures & Loans	108.62	+0.31	108.28	—	5.06
7	Preference	78.47	—	78.47	—	3.01
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.59	—	110.59	—	1.03

	AVERAGE GROSS REDEMPTION YIELDS		Thur May 30	Weds May 29	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.41	10.46	11.30
2		15 years	10.73	10.78	11.11
3		25 years	10.39	10.43	10.53
4	Medium Coupons	5 years	11.46	11.52	12.13
5		15 years	10.99	11.04	11.52
6		25 years	10.54	10.57	10.78
7	High Coupons	5 years	11.55	11.60	12.22
8		15 years	11.15	11.19	11.69
9		25 years	10.70	10.74	10.87
10	Irredeemables†		10.14	10.18	10.40
11	Debs & Loans	5 years	11.91	12.00	12.54
12		15 years	11.76	11.83	12.27
13		25 years	11.62	11.65	12.11
14	Preference†		12.52	12.52	13.00
15	Inflation rate	5%	3.60	3.60	3.61
16		10%	3.41	3.40	3.42

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	6	86	6	66	—	—	$314.50
GOLD C	$320	7	18 B	—	—	—	—	"
GOLD C	$340	25	6 A	97	12	—	—	"
GOLD C	$360	—	—	9	7	—	—	"
GOLD P	$300	33	0.60	—	—	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 14,332

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
[illegible]							
222	F.P.	28/6	960	230	Tesco 5p	233	−5
10	Nil	12/7	21pm	17pm	"The Times" Veneer	17pm	..
130	Nil	12/7	54pm	28pm	Tomkins (F.H.) 5p	41pm	−1
2	Nil	—	1½pm	1½pm	Willaire Systems	1½pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a " rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3).

WEDNESDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	377	+12
Body Shop Intl	740	+30
Boots	194	+1
BP	528	+3
Evered	264	+10
ICI	778	+11
Lep Group	273	+8
McLeod Russel	340	+10
Rowntree Mackintosh	440	−2
Tate and Lyle	455	+8
United Securities	213	+7
Vickers	295	−2

Based on bargains recorded in Stock Exchange Official List.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

DELLER OPTIONS

Call options were taken out in C. H. Bailey, Petranol, Habit Precision Engineering, Oliver Prospecting, Arlen Electrical, Sovereign Oil, Sun Oil, R. Cartwright, Combined Technologies, Falcon Resources and Hongkong Land, while a put was transacted in Falcon Resources. No doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	0	23
Corpns. Dom. and Foreign Bonds	28	2	46
Industrials	240	302	912
Financial and Prop.	62	128	358
Oils	26	34	66
Plantations	4	3	10
Mines	19	52	107
Others	27	89	114
Totals	490	610	1,636

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*528)	460	80	86	—	4	7	—
	500	42	60	73	6	17	20
	550	18	28	48	30	30	40
	600	9½	13	23	76	78	89

[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*283)	293	23	30	—	19	22	—
	300	—	—	03	—	—	30
	326	12	82	—	47	47	—
	333	9	13	—	70	70	—

[illegible]

May 30 Total contracts 5,090 Calls 3,404 Puts 1,692
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99¼	Treas 11½pc 1985	99[illegible]	..	11.52	12.74
99	97¾	Treas 8¾pcCnv '85	99		8.84	12.31
101[illegible]	99[illegible]	Exch 12¼pc 1985	100		12.25	12.11
101[illegible]	99[illegible]	Exch 11¾pc '86	99⅞		11.76	11.81
99½	97[illegible]	Treas 10pcCnv 1986	98[illegible]		10.15	11.72
94⅞	92¾	Treas 3pc 1986	94½		3.18	9.20
100	97½	Exch 10½pc Cv '86	98[illegible]	+[illegible]	10.61	11.67
101⅞	99⅞	Treas 12pc 1986	100[illegible]		11.96	11.69
97[illegible]	94¼	Treas 8½pc 1984-86‡‡	96[illegible]	+[illegible]	8.77	11.52
105[illegible]	102[illegible]	Exch. 14pc 1986	102[illegible]		13.60	11.63
92¼	87¾	Exch. 2½pc 1986	92¼		2.71	8.17
104[illegible]	101¼	Exch. 13¼pc 1987	102⅜	+⅛	12.94	11.58
99½	96⅝	Treas 10¼pcCv '87	98[illegible]	+[illegible]	10.45	11.49
90¼	85½	Exch 2½pc 1987	90¼		2.77	8.63
99[illegible]	96¼	Exch 10½pc 1987	98[illegible]	+[illegible]	10.67	11.42
93	89	Funding 6½pc '85-87‡‡	93	+[illegible]	6.99	10.61
98½	95½	Treas. 10pc 1987	97⅜xd	+[illegible]	10.27	11.50
89[illegible]	84¼	Treas 3pc 1987	89[illegible]	+[illegible]	3.36	8.69
102[illegible]	99⅝	Treas. 12pc 1987	101[illegible]	+[illegible]	11.87	11.44
93¼	90¼	Treas 7¾pc 1985-88‡‡	93⅛	+⅛	8.32	10.77
98⅞	95⅝	Exch 10½pc '88	97[illegible]	+[illegible]	10.12	11.33
96[illegible]	93⅝	Treas 9¾pc Cv '88	95[illegible]	+[illegible]	10.16	11.38
85[illegible]	80	Transport 3pc '78-88	85[illegible]xd	+[illegible]	3.51	8.47
95½	91½	Treas 9½pc '88	94[illegible]	+⅛	10.03	11.41
101⅛	97½	Treas 11½pc 1989	100[illegible]	+[illegible]	11.46	11.37
95[illegible]	90¾	Treas 9½pc Cnv. '89	94[illegible]	+⅛	10.12	11.48
79[illegible]	79	Treas 3pc 1989	79[illegible]		3.78	9.33
98½	94	Treas 10½pc 1989	97⅛xd	+[illegible]	10.81	11.42
96[illegible]	92	Exch.10pc 1989	95¼	+[illegible]	10.50	11.46
99[illegible]	95	Exch 11pc 1989	98⅝	+¼	11.15	11.38
83[illegible]	79	Treas 5pc 1986-89	83[illegible]	+[illegible]	5.97	9.65
107½	103⅛	Treas 13pc 1990‡‡	106[illegible]	+⅛	12.24	11.23
99[illegible]	96[illegible]	Exch 11pc 1990‡‡	98[illegible]	+[illegible]	11.17	11.41
108¼	100¾	Exch. 12½pc 1990	103[illegible]	+[illegible]	12.04	11.43
		Five to Fifteen Years				
93	87¾	Treas 8¼pc 1987-90‡‡	89¼xd	+⅛	9.21	11.00
97¼	91⅞	Treas 10pcCv 1990	95¼	+¼	10.61	11.44
105⅝	97⅛	Treas 11¾pc 1991	105⅝	+¼	11.62	11.47
83⅞	80	Funding 5¾pc '87-91‡‡	83⅞	+⅛	6.93	9.61
101⅛	95	Exch. 11pc 1991	99¼	+¼	11.21	11.40
110⅝	101⅛	Treas 12¾pc 1992‡‡	110⅝	+¼	12.01	11.40
98	88⅝	Treas 10pc 1992	96¼	+¼	10.68	11.36
101¼	94¼	Treas 10½pc Cv 1992‡‡	96¼	+¼	10.93	11.33
108⅝	98¼	Exch. 12¼pc '92	107	+¼	11.80	11.46
114	105	Exch 13½pc 1992	112½	+¼	12.32	11.51
110½	101¼	Treas 12½pc 1993‡‡	110½	+¼	11.81	11.38
80½	74⅞	Funding 6pc 1993‡‡	80½	+⅛	7.61	9.77
118⅝	109¼	Treas 13¾pc 1993‡‡	112¼xd	+⅛	12.23	11.41
123⅛	111¼	Treas 14½pc 1994‡‡	120¼	+¼	12.38	11.34
114½	108⅛	Exch 13½pc 1994	112⅛	+¼	12.18	11.51
111	100⅛	Exch 12½pc 1994	109¼	+¼	11.80	11.44
91	86¼	Treas 9pc 1994‡‡	88⅞	+¼	10.25	11.11
107⅞	98⅛	Treas 12pc 1995	107⅛	+¼	11.65	11.47
70¼	62¼	Gas 3pc '90-95	70¼	+⅛	4.29	7.30
97¼	89½	Exch 10¼pc 1995	97⅛	+⅛	10.97	11.35
113⅛	106¼	Treas 12¾pc 1995‡‡	100⅞	+⅛	11.77	11.36
120	110¼	Treas 14pc '96	120	+¼	12.17	11.50

Over Fifteen Years

Undated

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HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
77	61	Marshall's Universal	63	−2	2.2	♦	4.6	♦
86	78	Do. 7pcCnRedPf	84	+2	7½%	—	12.0	
22	22	Martin Black	22p		—	—	—	—
£91	181	Matthews 7½%	£97		Q7½%	2.3	18.2	—
413	275	Metal Box £1	412	+4	15.0	1.7	5.2	6.6
170	136	Metal Closures	146		6.1	2.0	6.6	9.1
17	9	Metal Sciences 2½p	14		—	—	—	—
104	71	Midland Marts	104p		4.0	1.8	5.5	15.2
83½	68	Mitchell Cotts	73		4.0	1.5	1.8	10.4
230	182	Morgan Crucible	229	−3	8.0	1.6	5.2	15.2
32	22	Moss Bros 20p	27		0.5	♦	2.6	♦
110	91	Moss (Robt.) 10p	105	−1	3.0	♦	4.2	♦
81	68	Mynor Grp 10p	78		2.5	5.4	4.6	14.0
410	267	MMW Computers	340		6.0	2.7	2.5	20.9
41	34	Nash Inds.	37		2.5	1.5	9.2	8.5
48	24	Neil & Spencer 10p	85	+1	—	—	—	15
44	14½	Newman Inds 10p	42	+2	—	—	—	♦
41	18¼	Do. 10pc Cm Cnv Pf	41	+1	10%	—	15	—
55	43	Noble	53		1.1	4.5	3.0	8.9
183	146	Norcros	160		6.6	2.4	1.1	8.4
62	33	Nu-Swift 5p	59		3.0	♦	2.5	♦
95	68	Oakwood Grp	95	+5	4.5	1.4	6.8	14.3
226	150	Office & Elect.	226		1.5	2.4	5.0	11.0
108	83	Ofrex 20p	85		2.0	2.4	6.2	2.5
58	37	Optometrics $0.01	53		0.02c	—	3.0	5.5
480	317½	Ovillanne £1	480	+10	7.14	1.3	1.0	14.9
18	15	Owenstone 12½p	17		04.5%	♦	—	♦
£178	£158	Ozalid 9pc Cm 87-92	£124		09%	—	15.3	—
185	105	PCF Grp 10p	160		4.0	2.9	4.2	9.0
£14	£10¼	PLM 'B' Sk 25	£11½		Q21.6%	♦	4.6	♦
191	169	PSM Intl	173	−5	5.25	2.5	4.3	11.9
60	50	Pacific Sales 10p	55	−2	2.4	2.2	6.2	10.3
[illegible]								

INSURANCES

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

LEISURE

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
11	5	Steeley Video 10p	[illegible]					
232	198	Julianas Hldgs 2p	[illegible]					
268	211	LWT	[illegible]					
66	55	Leisuretime Int 10p	[illegible]					
162	146	Magnet Au 'A' 10p	[illegible]					
184	155	Media Tech Int 20p	[illegible]					
200	124	Mecca Leisure 10p	[illegible]					
200	175	Miles Words 10p	[illegible]					
127½	96	Nationwide Lei.	[illegible]					
30	15	Norvic Int 20p	[illegible]					
24½	19½	Owners Abroad	[illegible]					
53	38	Pleasurama (Lon)	[illegible]					
34¼	21½	Philips Radio NV 5p	[illegible]					
90	47	Pineapple Dnc 5p 10p	[illegible]					
458	366	Pleasurama 5p	[illegible]					
115	109	Do. 7pcCvCmRedPf	[illegible]					
96	77¾	Pres Entertain 50p	[illegible]					
65	28	Radio City 'B' NV	[illegible]					
55	43	Radio Clyde N V	[illegible]					
63	32	Riley Leisure 10p	[illegible]					
193	141	Saga Hols. 20p	[illegible]					
£11½	540	Samuelson Grp £1	[illegible]					
42	25	Sanders Photo 10p	[illegible]					
202	138	Scallio 50p	[illegible]					
156	120	Scott TV 'A' 10p	[illegible]					
500	314	SeaCo Inc $0.173	[illegible]					
15	4	Select TV 10p	[illegible]					
140	28	Spectrum 5p	[illegible]					
32	23	TSW 5p	[illegible]					
192	108	TVS N/Vtg 10p	[illegible]					
236	132	Television Svcs 50p	[illegible]					
79	61	Tottenham Hotspur	[illegible]					
[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

NEWSPAPERS, PUBLISHERS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

PAPER, PRINTING, ADVERTISING

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

PROPERTY

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

PROPERTY—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

SHIPPING

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

SHOES AND LEATHER

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

SOUTH AFRICANS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

TEXTILES

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

TOBACCOS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

TRUSTS, FINANCE, LAND

Investment Trusts

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							

INVESTMENT TRUSTS—Cont.

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							

Finance, Land, etc

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

OIL AND GAS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

OVERSEAS TRADERS

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

PLANTATIONS

Rubbers, Palm Oil

Teas

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
350	140	Centennial Minerals	150	.....	—		
120	70	Colby Res Corp.	80	.....	—		
550	450	Cons. Murch. 10c	450	...	10100c		
40	28	Emess Int. 1110p	34		—		
215	157	Hampton Areas 10p	190	+2	3.75		
260	160	Highwood Res.	165	−5	—	—	—
£22½	£18	Homestake Mining $1	£19½	+¼	Q20c	—	1.0
310	190	McFinley Red Lake	235	−5	—	—	—
300	195	Musto Explorations	260	.....	—	—	—
55	23	New Sabina Res C$1	45	...	—	—	—
375	260	Northgate C$1	280	−10	—	—	—
685	581	RTZ	589	−3	20.0	2.7	4.9
£145½	£129	Do. 9½pcLn '95-2000	£129	−1	Q9½%	14.0	17.5
£14½	£10	Tara Expln $1	£13	−¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¢ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	......	Arnott	175xd	....
Craig & Rose £1	£9	..	CPI Hldgs.	58	....
Finlay Pkg. 5p	61xd	...	Carroll Inds.	124	..
Higsons Brew	225	....	Dublin Gas	53	....
Holt (Jos) 25p	740xd	....	Hall (R. & H.)	55	....
IoM Stm. £1	90	....	Heiton Hldgs.	20	....
IRISH			Irish Ropes	45	....
Fund £13¾% 1988	£96½	+⅛	Jacob (W. & R.)	88	....
Nat. 9¾% 84/89	£90¼	....	Unidare	80	....
Fin. 13% 97/02	£99¾	...			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	68	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	28	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	♦
Cadburys	14	Nat West Bk.	60	Premier	5
Comm Union	14	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	14
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	31	Cons Gold	44
Gen Accident	45	Reed Intnl.	50	Lonrho	34
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 42

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 28

Indices

NEW YORK-DOW JONES

	May 30	May 29	May 28	May 24	May 23	May 22	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,305.78	1,302.98	1,301.52	1,301.97	1,296.71	1,303.78	1307.70 (21/5)	184.98 (4/1)	1309.70 (21/5/85)	41.22 (2/7/32)
Transport	629.65	629.98	626.10	627.95	628.57	622.90	635.30 (1/3)	553.03 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	162.28	162.18	162.29	161.98	161.82	161.98	164.75 (17/5)	146.54 (4/1)	164.75 (17/5/85)	10.5 (28/4/42)
Trading vol		98.5m	90.5m	85.5m	101m	101.3m	–	–	–	–

	May 24	May 17	May 10	Year Ago (Approx)
Ind Div Yield %	4.78	4.77	4.81	5.87

STANDARD AND POORS

	May 30	May 29	May 28	May 24	May 23	May 22	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.80	207.95	208.14	206.74	208.84	208.87	210.82 (21/5)	182.24 (4/1)	210.82 (21/5/85)	3.62 (30/6/32)
Composite	187.75	187.68	187.85	188.29	187.88	188.56	189.72 (20/5)	163.68 (4/1)	189.72 (20/5/85)	4.40 (1/6/32)

	May 22	May 15	May 8	Year Ago (Approx)
Ind div yield %	3.74	3.84	3.82	4.23
Ind. P/E Ratio	11.64	11.37	11.14	11.78
Long Gov Bond Yield	10.75	10.98	11.33	13.40

N.Y.S.E ALL COMMON

May 30	May 29	May 28	May 24	1985 High	1985 Low
108.78	108.66	108.73	108.87	108.72 (28/5)	94.60 (4/1)

RISES AND FALLS

	May 29	May 20	May 24
Issues traded	2,000	2,005	1,985
Rises	767	678	844
Falls	722	827	862
Unchanged	481	500	458

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Sears Roe	2,397,800	38⅛	+ 1	3M	1,089,400	73⅞	– 2⅝
ATT	2,319,700	22¾	– ½	Reyn Ind	943,600	73⅜	– 1⅞
TWA	2,262,700	18½	– ⅜	Coll	925,000	24⅞	– 1⅜
Nabisco	1,748,200	79	+ 7⅝	Exxon	880,000	53¾	+ ½
IBM	1,448,600	128⅛	– 1½	Jac Eckerd	857,300	28½	+ 1⅞

Advances 668 Declines 759

TORONTO

	May 30	May 29	May 28	May 27	1985 High	1985 Low
Metals & Minls	1,984.50	2,003.21	2,014.86	2,028.7	2180.7 (13/2)	1896.8 (4/1)
Composite	2,723.84	2,738.14	2,739.06	2,733.1	2739.7 (21/5)	2348.5 (8/1)
MONTREAL Portfolio	133.81	133.78	134.13	134.18	134.11 (17/5)	112.00 (4/1)

* Indicates pre-close figure

	May 30	May 29	May 28	May 27	1985 High	1985 Low
AUSTRALIA All ord. (1/1/80)	874.8	876.4	885.1	878.7	904.5 (20/5)	715.6 (7/1)
Metals & Minls. (1/1/80)	538.5	542.9	558.5	551.3	583.8 (28/5)	382.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	58.32	57.89	57.27	(c)	58.82 (30/5)	58.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2345.51	2343.45	2335.86	(u)	2345.51 (30/5)	2080.7 (18/1)
DENMARK Copenhagen SE (3/1/83)	(u)	181.43	182.20	(c)	185.04 (24/5)	158.44 (8/1)
FRANCE CAC General (31/12/82)	232.6	230.2	228.8	(c)	032.6 (30/5)	180.8 (4/1)
Ind Tendance (28/12/84)	130.1	128.8	127.7	(c)	130.1 (30/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	450.95	448.15	445.65	(c)	450.95 (30/5)	382.38 (3/1)
Commerzbank (1/12/53)	1321.5	1310.1	1304.2	(c)	1321.5 (30/5)	1111.8 (4/1)
HONG KONG Hang Seng Bank (31/7/64)	1621.66	1597.71	1570.84	1557.78	1647.88 (17/5)	1229.74 (2/1)
ITALY Banca Comm Ital. (1972)	511.16	511.54	508.92	510.80	530.61 (25/5)	228.58 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12790.5	12787.2	12694.9	12642.7	12790.5 (30/5)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1000.67	997.51	992.55	988.65	1006.95 (22/5)	916.95 (4/1)
NETHERLANDS ANP-CBS General (1970)	210.5	210.6	210.7	(c)	213.0 (6/5)	186.6 (4/1)
ANP-CBS Indust (1970)	172.1	171.8	171.0	(c)	176.2 (7/5)	147.8 (4/1)
NORWAY Oslo SE (4/1/83)	338.66	336.20	336.28	(c)	345.6 (6/2)	206.10 (2/1)
SINGAPORE Straits Times (1966)	817.18	816.92	815.20	818.61	852.85 (7/5)	764.38 (16/1)
SOUTH AFRICA JSE Gold (28/9/78)	–	1020.3	1039.3	1042.5	1140.9 (15/4)	896.1 (11/2)
JSE Indust (28/9/78)	–	967.6	870.2	968.8	978.6 (24/5)	767.1 (7/3)
SPAIN Madrid SE (28/12/84)	109.75	108.28	109.61	110.24	117.41 (4/2)	101.49 (2/1)
SWEDEN Jacobson & P (1/1/58)	1579.26	1570.08	1564.81	(c)	1496.90 (1/2)	1382.60 (2/1)
SWITZERLAND SwissBank Cpn. (31/12/58)	432.7	431.1	452.5	(c)	435.1 (24/5)	386.7 (3/1)
WORLD Capital Intl. (1/1/70)	–	210.6	210.0	210.7	012.8 (20.5)	194.8 (4/1)

** Saturday May 25: Japan Nikkei-Dow 12,593.76. TSE 986.32.

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

F.T. CROSSWORD PUZZLE No. 5,731

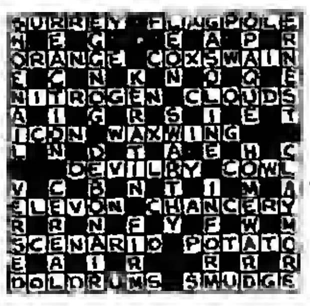
ACROSS

1 Sadly, they lack an opener (8)
5 Might be said to be prejudiced (6)
9 Refuse a record by mail-order (8)
10 Beam, but allow nothing in return (6)
12 Fascinated by an unusual demeanour (9)
13 Not flush, but accepted by the social clique (5)
14 Puce-coloured jumper (4)
16 He produces his pass when he's being charged (7)
19 Just means a stretch of cut turf (7)
21 How to save one's skin? (4)
24 One may be put out by it (5)
25 Missiles that make spells of fighting warm (9)
27 Moaned about one's guardian spirit (6)
28 It's not usually held by collier or clergyman (8)
29 Carry on in summary fashion (6)
30 Cultural pursuits penalise skills (4, 4)

DOWN

1 Defect in the hose fireman use (6)
2 Makes you French look Italian (6)
3 He will shortly ring — for your reply? (5)
4 Time to take in a strange rite by the Red Sea (7)
6 Began by being put in the picture (9)
7 Reserved beach about the end of August (3, 5)
8 Laid about a conservative for loitering (8)
11 A cheese that is made round (4)
15 Inferior style in which younger children are taught (5, 4)
17 The wrongdoer makes a final bid to get outside (8)
18 Elevation above the peerage? (8)
20 Measure up a cart (4)
21 He escaped to become famous (7)
22 More like the snow I threw out? (6)
23 Supplies rushed on board (6)
26 Doctor, I have reduced energy (5)

Solution to Puzzle No. 5,730



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
3-5 St Paul's Churchyard EC4P 4DX 01-236 1833

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)(z)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	63.9	68.0	-0.2	3.12
Accum Units	94.5	100.5	-0.4	3.12
Pearl Inc	87.5	93.2		5.05
Pearl Unit Tst	93.6	99.6	-0.1	3.98
(Accum Units)	156.1	166.1	-0.1	3.98

Perpetual Unit Trust Mngmt. (a) (z)
48, Hart Street, Henley on Thames 0491 576868

Growth	181.1	194.4	-1.2	1.47
Income	137.0	147.6	-1.1	5.49
Worldwide Recovery	105.8	113.6	-0.3	2.08
American Growth	57.7	62.0	-0.8	0.67
Intl Emerging Co's	58.7	63.0	-0.2	0.79
Far East Growth Fd	47.1	50.6		1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	106.7	114.3	-0.3	0.39
Prolific Extra Inc	62.5	66.5		5.78
Prolific Gilt Cap	78.6	81.8	+0.4	3.36
Prolific High Inc	130.1	138.4	-0.2	5.11
Prolific Intl	86.1	92.2	-0.6	1.64
Prolific N Amer	116.4	124.7	-0.7	1.76
Prolific Spec. Sits	148.6	158.0	+0.1	1.28
Prolific Technology	113.1	121.2	-0.2	0.83

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.4	51.3	-0.8	0.19
Worldwide	48.0	50.8	-0.2	1.60
European Trust	47.4	50.2	-0.3	0.92
North American	51.7	54.8	-0.5	1.11
UK Equity	48.8	51.7	+0.3	1.05

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Prudential	324.5	345.2	+1.0	3.36
Holborn Gilt Tst	147.0	153.9	+0.8	9.08
Holborn High Inc	53.4	56.8	-0.3	8.16
Holborn Intl	57.5	61.1	-1.0	0.54
Holborn UK Growth	63.5	61.5	+0.1	1.87

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	322.4	341.0		3.44
Quadrant Income	182.3	192.1		6.22
Quadrant Intl Fund	307.5	323.7		1.51
Quadrant Recovery	200.5	211.1		2.73

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Wellington Inc	48.4	51.5	-0.1	6.00
Wellington Growth	99.9	106.3	-0.3	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent 0892 22271

British Life	133.2	140.9	-0.1	4.33
Reliance Unit Tst (Inc)	86.2	92.1	-0.2	3.98
Reliance Ut Tst (Acc)	111.2	118.8	-0.3	3.98

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	94.2	100.7		6.74
International UT	222.2	237.4	-0.1	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	235.2	247.5	+0.1	1.35
NC America (Acc)	249.9	263.0	+0.1	1.35
NC Engy Res. Tst	170.7	179.6	-3.3	2.29
NC Int Fd.	327.0	345.0	+0.1	5.17
NC Japan Fund	110.1	115.8	-3.7	0.02
NC Smaller Cos	109.1	114.8	-0.9	2.05
NC Smaller European	102.7	108.1	-0.4	0.01
NC Exempt Gilt Tst*	116.0	121.0		11.18
NC American Prop*	11.21	11.80		—
NC Prop.*	185.0	194.8		

TSB Unit Trusts (b) (c) (y)
PO Box 3 Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	97.0	103.2	-1.8	1.20
Do. Accum.	99.9	106.3	-1.8	1.20
TSB Extra Income	86.8	92.4	-0.1	6.07
Do Accum.	96.6	102.8	-0.1	6.07
TSB General	119.8	127.4	-0.6	3.30
Do Accum.	191.1	203.2	-0.9	3.30
TSB Gilt & Fxd Int	46.2	48.2	+0.2	9.89
Do Accum.	55.8	58.2	+0.3	9.89
TSB Income	159.7	169.9	+0.2	4.98
Do Accum	241.1	256.5	+0.3	4.98
TSB Pacific	107.7	114.6	-1.5	1.80
Do Accum	109.5	116.5	-1.6	1.80
TSB International	228.3	242.9	-1.0	1.90
Do. Accum	277.8	295.6	-1.2	1.90
Natural Resources	47.8	50.9	-0.4	2.53
Do Accum	48.3	51.4	-0.4	2.53
TSB Sictd. Opps	47.9	51.0	+0.2	2.41
Do. Accum	51.5	54.8	-0.1	2.41

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	71.3	76.0	-0.9	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	69.2	74.0	+0.4	0.19
Australia	28.1	30.0	-0.7	0.10
Commodity	100.1	107.6	-0.2	1.56
Energy	46.8	50.0	-0.1	0.66
Equity	101.8	108.6	+0.2	3.71
European Spec. Sits	49.4	52.8	-0.1	0.95
Extra Income	89.5	95.7	+0.4	7.37
Financial	204.0	217.6		2.93
Gilt Capital	211.1	221.0	+1.2	3.25
Gilt Income	100.7	105.4	+0.6	9.23
Gold Income	64.8	69.3		4.14
Gold Acc.	117.2	125.3		4.14
Income	59.9	64.4	+0.3	5.01
Investment Tst	98.6	105.1	-0.5	1.29
Japan	44.8	47.8	-0.1	0.10
Malaysia & Singapore	27.2	29.0	-0.5	0.92
Pacific Income	69.5	74.3	-0.1	1.04
Pacific Re Inv	84.3	90.2	-0.2	1.04
Preference Share	15.4	16.6		10.41
Professional	490.9	523.6	+2.3	1.97
Special Sits	87.9	94.0	-0.3	1.83
Technology	42.6	45.6	-0.1	0.1
U S. Special Bond	49.6	51.0	-0.5	6.27
Worldwide Capital	112.2	119.7	-0.6	1.78
Equity Exempt May 29	629.9	671.9		2.50
Equity Ex Acc May 29	1157.8	1235.0		2.50

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2. 836 7766

Electra Small Cos. Fd.	123.62	130.42		1.74
High Income	41.4	44.4	-0.2	7.61
North American	109.8	116.8	-0.5	0.65
Recovery	117.8	125.3	-0.8	3.95
Gilt Trust	36.7	38.0		10.03
St Vincent U.S. Gwth	71.4	74.4	-0.4	0.82
St. Vincent High Inc	67.0	69.9		6.26

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	26.7	28.6	-0.2	0.30
TR General Growth	38.7	41.2		2.48
TR Global Tech	28.9	30.8	-0.1	0.30
TR Income Growth	44.2	47.6		5.07
TR Income Monthly	39.0	41.5		7.43
TR Overseas Growth	34.6	36.8	-0.5	1.76
TR Smaller Cos	40.3	42.9	-0.1	1.92
TR Special Ops	42.5	45.7		1.27

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT May 1	127.4	134.2		3.80

Barclays Life Assur. Co. Ltd (z)
252 Romford Road, E7. 01-534 5544

Black Horse Life Ass. Co. Ltd.
346a, High St., Chatham 0634 405161

British National Life Assurance Co. Ltd
Perrymount Road, Haywards Heath. 0444 414111

Canada Life Group
2-6, High St, Potters Bar, Herts. P. Bar 51122

INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Wheat Council steps up 1985/86 crop forecast

BY ANDREW GOWERS

THE INTERNATIONAL Wheat Council has raised its estimate far world wheat productioo in the next crop year by 2m tonnes to a new record of 522m tonnes, indicating that supplies will once again exceed demand by a sizeable margin.

It is also predicting a sharp drop in wheat imports by the Soviet Union in the year starting this July as a result of an improved harvest there.

Tha revised farecast was published yesterday in the London-based Council'a monthly market report. In April, the IWC was expecting the 1985-86 wbeat crop to total 520m tonnes, anly a slight increase on last year's record of 519m.

The Council cautians that its projections remain tentative at this stage, as plantings are incomplete in some countries.

But it believes that yield prospects for autumn-sown wheat have improved over the last month, particularly in the central plains of the U.S., io Chioa and in Mediterranean countries. Meanwhile, spring wbeat plantings proceeded "very rapidly" under dry conditions in the U.S., the report says.

In the Soviet Union, however, spring planting bas been slower

WORLD WHEAT PRODUCTION
(million tonnes)

	1985 (forecast)	1984 (estimated)
W. Europe	83	92.8
E. Europe	33	34.5
Soviet Union	88	75
North & Cent. America	100	96.3
S. America	15.5	16.6
Asia	176.5	176.2
Africa	9	9
Oc ania	17	18.9
Total	522	519.3

thso usual, largely due ta the late spriog and frequent rains, and the crops may be more vulnerable to summer heat.

As a result, the IWC has revised its forecast for the Soviet crop downwards by 2m tonnes ta 88m tonnes. Nane the less, this is still a marked improvement over last year's harvest of 75m tonnes.

As in most recent years, the harvest in the Soviet Union—the largest single customer an the warld market—is of crucial importance far wbeat trade, in which competitian between exporters such as the U.S. and the EEC has been increasingly fierce.

The Council estimates that Soviet imports cauld drop by at least 5m tonnes if there is a marked recovery in output there. In the current crop year, tatal Soviet grain imports are estimated at 53m tones, a sharp increase over the previaus year's 33m tonnes.

World coarse grain productian is also farecast to increase by 7m tonnes to 244m tonnes in 1985-86, wbile rice output will exceed demand this calendar year, the IWC says.

Noncy Dunne adds from Washington: Eastern European agricultural output will grow only modestly campared with last year, when grain productien was a record 114m tonnes, accarding to a new report by the U.S. Department of Agriculture.

Copper prospects to improve

BY ANDREW GOWERS

THE SCENE could be set far a sustained recovery in the fortunes of the copper industry towards the end of this decade, according to a new report on the metal's medium-term praspects.

The study, published by the London consultancy Metals and Minerals Research*, points out that copper consumption is continuing to outstrip supply and could do so at least until the early part of next year, with a consequent further reduction in world stocks.

At the end of March, world refined copper stocks stood at about 1.7m tonnes. The study projects that inventories may be drawn down by 300,000 tonnes overall this year and a further 100,000 next, but that a supply surplus will reappear during the second balf of 1986 and get worse in 1987.

Mare than 1m tonnes af the Western world's copper mining capacity is currently idle, of which about 800,000 tonnes are in the U.S.

The main reason for the likely re-emergence of a surplus is that same of the mining and treatment capacity in the U.S. which has heen temporarily closed as a result of poor dollar prices for copper can be hrought on stream again in reaction to increasing prices.

By contrast, the report'a authors believe that the principal catalyst for a lasting recovery cauld be the implementation of new environmental legislation in the U.S. in 1988.

The tightened Clean Air Act, which takes effect on January 1 of that year, will require factories to make a sharp reduction in their emissions of sulpbur dioxide. This could cause U.S. smelting capacity which is unable to adapt to the law—possibly totalling around 500,000 taones—to close down for gaod, the study says.

In turn, this would have a significant knack-on effect on the copper mining industry, as many mining campanies would not be able to mount viable export operations for the concentrates thus deprived of treatment facilities.

● International Tin Cauncil satistics circulating in the industry suggest that the Western world's consumptioo of tin tbis year will exceed supply by about 14,500 tonnes. Primary tin production is expected to total 152,900 tonnes in 1985, compared with last year's 157,700 tonnes.

* *The Market Prospects for Copper, price £1,750.*

U.S. crude oil stocks above 1984 level

By Nancy Dunne in Washington

U.S. STOCKS of crude oil last week rose above the previaus year's levels for the first time since last summer, according to the American Petroleum Institute (API).

The API reported crude stocks at 356.8m harrels, 2.5m barrels above the same week in 1984. Stocks are naw solidly established in the 340m-360m range typical of recent years, an indicatian that importers are not expecting large price drops io the near future.

Although residual fuel stocks rose by 858,000 barrels last week ta almost 43m harrels, levels are generally far belaw last year due bath ta the softness in natural gas prices and the long-run trend of a switcb to coal by new electric utilities, an API time stocks af residual fuel analyst said. Last year at this stood at 47.6m barrels.

Distillate fuel stocks rose sligbtly last week to 100.6m barrels, up 831,444 from the previous week and 4.1m barrels ahead of the same time in 1984. Petrol stocks continued to lag far beblod last year, droppinng last week ta 213.9m harrels compared ta 250m barrels in May 1984.

● NEW ZEALAND'S Wool Board said tbe value of wool exports in the nine m-oths to March 31 haas already exceeded thet for the wbole of the previous seasoo. At March 31, wool export returns came to NZ$1.14bn, up 39 per cent from the year-ago period and NZ$27m more thao the total 1983-84 value, it said.

● THE MALAYSIAN Government has ralsed the export duty oo crude palm oil to 406.31 ringgit per tonne from 406.30, effective June 1. The duty on processed palm oil rose to 464.95 ringgit per tonne from 455.85.

● COLOMBIA will launcb a major programme to produce fuel alcohol from sugar caoe modelled oo the Brazilian formula. The state ail company Ecopetrol said studies of technical feasibility will take place with Colombia's Association of Sugar Cane Growers.

Guyana claims bauxite breakthough

Canute James on Guyana's bid to regain dominance of the calcined bauxite market

GUAYANA IS hoping to reclaim its place as the dominant farce iot be world calcined bauxite market, buildiog on last year's 55 per cent growth, which ended eight yeara af declining production. The key to the effart is what the state-owned Guayana Mining Enterprises (Guymine) describes as a "new product," wbicb could reverse the loesses the industry has suffered.

The company has reported that it is close to a technolagical hreakthrough in the farm af a possible alternative to calcined bauxite. This will be presented to its clients by the end of this year.

Guyana'e daminant position in the calcined bauxite market has been threatened in recent years by China, the ather majar producter.

Industry sonrces say the Government is intent on increasing outpu1a f this particular type of bauxite, ta re-establish its cantrol of the market and shore up fareign earniogs. Bauxite is the major hard currency earner for the English-speaking Sauth American republic af 900,000 people.

In an effort to widen sales, Guymine has been inviting to Guyana its clients in Europe, North America, and Japan.

There has as yet been no clear indicatian from the Guyanese industry of the nature of the new material, but Guymine says if it is accepted by the market ". . . it will be a major breakthrough . . . in turning around five years of losses."

It appears from technical papers prepared for the industry that tailings produced in the washing of bauxite are being beneficiated to produce new products.

These products ". . . may be used directly for chemical grades or with further processing produce a premium grade of calcined refractory bauxite," the document says.

The development will also lead to increased production of metal grade bauxite for alumina prodnction.

If the project is successful—and tha industry appears convinced that it will be—last year's upturn in production will continue.

Total output in 1984 was 1.55m tonnes af various grades of bauxite. The target for this year is 2m tonnes. This appears achievable following output af 455,878 tonnes in the first quarter af this year—26,000 tonnes abave the target.

Mr Dunstan Barrow, the chief executive officer af Guymine, described last year's performance as being ". . . a remarkable achievement to the credit af the industry and the workers."

The target for this year sets calcined bauxite output at 575,000 tonnes, with metal grade bauxite projected at 1.07m tonnes, and the rest in abrasive grade, abrasive calcined and aluminious cement grade.

The losses which the new process is expected to turn around are significant. Last year's financial performance of the industry has not yet been made public but Mr Barrow had forecast a profit of $30m for 1984 aperations. A deficit of $45m was recorded in 1983 when output was 1.09m tonnes.

The technological breakthrough of which Guymine speaks has also come hard on the heels of a volte face in policy by the Government.

The socialist administration of Mr Forbes Burnham, the president, has abandoned its inflexible stand against private involvement in the industry which it adopted when the operations af Raynolds Metals and Alcan were nationalised in the early 1970s.

Financial institutions, such as the World Bank, have indicated a willingness to belp with funding to rehabilitate the industry and halt the slide from output from 3.8m tonnes in 1974.

Until recently, however, the Government had stood firm against recommendations of private participation in the industry to wbich the funding offers were linked.

Studies on rationalising the industry have since been done for the Government by Kaiser Technical Services of the U.S. and U.S. steel following which the government has indicated that it wants a foreign partner after all.

The industry needs $91m for a five-year rehabilitation programme, which includes refitting and reopening a refinery, formerly owned by Alcan, which was mothballed in 1982.

Mr Desmond Hoyte, the Prime Minister, says Guyana wants ". . . a technological partner to rehabilitate the hauxite industry, particularly the alumina plant."

The need for modern technology, Mr Hoyte said, was urgent if the conntry were ". . . to recapture a substantial portion of the market it once held far calcined bauxite."

He explained that the funds which were needed could not be raised by the financially-strapped industry, and a country chronically short of hard currency.

"We need to find a technological partner with whom we can wark out a deal."

The partner appears to be Reynolds of the U.S., which recently reported a technical assistance and marketing agreement with Guyana. The company said the assistance will include marketing "new products."

Reynolds has been suggested also as a likely candidate to partner the Government in rehabilitating the refinery which could cost abont $12m.

Dairy trade warned on imports

BY OUR COMMODITIES STAFF

THE BRITISH dairy trade must focus its efforts on the growing market for higher-value products or risk being swamped hy imports, Mr Micbael Evans, director-general of the Dairy Trade Federation warned yesterday.

Speaking at the DTF's annual conference in London, be said this also implies that a rationalisation in the country's capacity to produce hulk dairy products such as Cheddar cheese and hutter will be necessary.

"If we cannot initiate import substitution by widening our product range then the higher added-value growth merkets will be met by imports to the detriment of producer and manufacturer incomes," be said.

"A warning sign bere is the soft cheese market, growing from a small base hut largely met hy imports."

Mr Evans said the industry bad always assumed it was in a commodity business which was relatively immune to recession. But with the advent of limitations o nsupply through milk prodnction quotas and the growth in consumer choice, this situation migbt be changing.

He also warned that while imports of pasteurised milk into the UK were hanned at present, this situation is unlikely to persist indefinitely. The import han, which the UK Government says has been imposed on bealth grounds, is being challenged by the Brussels authorities in the European Court of Justice.

Supply worries lift potato futures price

By Our Commodities Staff

PRICES SHOT up on the London potato futures market yesterday as concern monnted over operators' ability to deliver on May contracts hy the end of the month deadline.

The May position closed at £102.30 a tonne, up £38.30 on the day.

Deliveries have been causing increasing problems on the reletively youthful potato market in recent months.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	840-1	—10.5	831/852
3 months	864-.5	—10.25	866.2/860

Official closing (am): Cash 830.5-1 (849.5-50.5); three months 854-.5 (874-.5); settlement 831 (850.5). Final Kerb Close: 860-.5. Turnover: 24,900 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/Low
Cash	1152-2	—80	1187/1186
Three m'nths	1165-6	—15	1181/1176

Official clasing (am): Cash 1158-.6 (1185.5-6.5); three months 1162-3 (1184.5-5); settlement 1158.5 (1186.5). Final Kerb Close: 1162-3.

Cathodes			
Cash	1153-4	—16.5	—
Three m'nths	1164-6	—15.5	—

Official closing (am): Cash 1153-4 (1180-1): three months 1153-5 (1176-8); settlement 1154 (1181). Turnover: 28.825 tonnens. U.S. Producer prices 69.625-72 cents per pound.

LEAD

	Unofficial close/p.m. £ per tonne	+ or —	High/low
Cash	301-5	—3.5	292
3 months	298.5-9	—2.75	299/297

Officiel closing (am): Cash 290-1 (296.5-7); three months 297-8 (302.5-3); settlement 291 (297). Final Kerb [illegible]

NICKEL

[illegible]

TIN

[illegible]

ZINC

[illegible]

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 30 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1180/110	—60	$1159/180
Copper			
Cash h Grade	£1158.5	—20	£1277.5
3 mths	£1165.5	—13	£1208.5
Gold troy oz	$314.25	—2.25	$314.25
Lead Cash	£292	—5.5	£321
3 mths	£298.75	—2.75	£311.25
Nickel			
Free Mkt	248/276c	—2	248/276c
Palladium oz	$98.00	—1	$111.25
Platinum oz	$264.75	—1.10	$260.50
Quicksilver†	$280/290		$280/290
Silver troy oz	482.30p	+4.50	595.10p
3 mths	499.85p	+4.05	520.50p
Tin cash	£9530.5	—88.5	£9444
3 mths	£9602.5	—20	£9430.5
Tungsten	$19.03		$77.70
Wolfram 22 04lb	$63/58		$69/72
Zinc	£627.5	—5	£118
3 mths	£615.5	—5	£714
Producers	$850		$960

OILS	May 30 1985	+ or —	Month ago
Coconut (Phil)	$635	—5	$760
Palm Malayan	$580z	—a	$100
SEEDS			
Copra Phil	‡		$470
Soyabean (U.S.)	$931w	—0.2	$245.9
GRAINS			
Barley Fut. Sep	£98.55	+0.05	£98.95
Maize	£149.00		£151.50
Wheat Fut Sept	£92.10		£122.52
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1764.5	—21	£1839
Coffee Ft. July	£2048	—9	£2187
Cotton A Index	64.20c	—0.10	66.05c
Gas Oil July	$217.25	+0.75	$215.75
Rubber (kilo)	65p	—1	66p
Sugar (raw)	$90xy	+0.5	$95
Wooltops 64s	488pkilo	—0	475pkilo

‡ Unquoted. a May-June. w Sept. y July. z June. † Per 76-lb flask. c Cents per pound.

INDICES

FINANCIAL TIMES

May 29	May 28	M'th ago	Year ago
282.62	283.09	295.17	314.88

(Base: July 1 1952 = 100)

REUTERS

May 30	May 29	M'th ago	Year ago
1922.4	1820.4	1882.2	2014.5

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 29	May 28	Month ago	Year ago
Spot	118.95	111.38	—	142.07
Fut.	160.27	112.83	—	140.14

(Base: December 31 1974 = 100)

OIL

Brent traded strongly, mainly for July and August. Nymex WTI opened 10c up and traded 20c up at 1 pm EST. In the petroleum products market gas oil talk was thin and uncertain, marginally firming. In the afternoon, High sulphur fuel prices stabilised after Wednesday's fall but buying interest remained minimal in both North West Europe and the western Mediterranean — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.80-26.85	—
Arab Heavy	25.18-25.20	—
Dubai	25.90-26.00	—0.075
Brent Blend	27.19-27.20	+0.20
W.T.I. (1pm est)	27.80-27.90*	+0.20
Forcados (Nigeria)	26.50-26.65	—
Urals (cif NWE)	29.15-29.25	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	288-290	—
Gas Oil	217.5-218.5	+0.5
Heavy fuel oil	129-131	—

* July

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
June	210.00	+2.75	219.75-17.75
July	217.25	+0.75	218.00-16.50
Aug	210.15	+1.50	219.75-18.25
Sep	221.25	+1.25	221.25-20.50
Oct	225.00	+0.50	226.00

GOLD

Gold fell $2¼ an ounce from Wednesday's close in the London bullion market yesterday to finish at $314-$314½. The metal opened at $314½-$315 and traded between a high of $315¾-$315¾ and a low of $313½-$313¾. Trading was rather quiet and featureless with movements tending to mirror the dollar's fluctuations during the day.

GOLD BULLION (fine ounce) May 30

[illegible]

GRAINS

July wheat opened £1 up on a strong physical market following better export figures but failed to sustain the rally. New crops were dull with little change, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
July	112.00	+0.55	—	—
Sept	99.10	—	98.65	+0.05
Nov	102.40	—	102.30	[illegible]

COCOA

An easier opening heralded a further decline in values. Apart from light consumer offtake for forward positions no physical activity was evident, reports Gill and Duffus.

Sales: 3,012 (2,969) lots of 10 tonnes.

SILVER

[illegible]

FREIGHT FUTURES

[illegible]

RUBBER

[illegible]

COFFEE

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

POTATOES

[illegible]

PIGMEAT

[illegible]

MEAT

[illegible]

U.S. MARKETS

HEATING OIL moved higher in the nearby futures in sympathy with strong gasoline prices which were supported by tight stocks, reports Heinold Commodities. The bulk of the energy news was bearish with strong indications that Saudi Arabia and the USSR would consider cutting prices moderately. The soyabean complex came under pressure due to local and professional selling in soya oil which was triggered by rumours of a Brazilian cargo in the Gulf slated for re-export. Maize and wheat traded moderately higher on late local short-covering and commercial buying. Gold and silver came under renewed pressure reflecting the lack of fresh buying interest along with the sluggish tone to the U.S. economy as evidenced by the 0.2 per cent decline in leading economic indicators. Fears that an economic slowdown will reduce the demand for base metals touched off stop-loss selling in copper and aluminium. Sugar was featureless reflecting the lack of cash activity. Cocoa weakened, reflecting expectations of continued build-up in stocks. Coffee remained steady reflecting a slow pace to June export sales by Brazil.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	45.85	—	—	46.65
July	46.20	47.00	46.20	47.00
Sept	46.85	47.55	46.85	47.65
Dec	47.50	48.20	45.10	48.70
Jan	48.25	—	—	48.06
March	49.95	—	—	49.75

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	61.38	62.85	60.90	62.90
Oct	60.12	61.90	60.02	62.02
Dec	60.64	62.40	60.48	62.48
March	61.82	63.40	61.40	63.40
May	62.50	63.90	61.86	63.86
July	62.72	64.00	62.05	64.05

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

COFFEE "C" 37,000 lb, cents/lb

[illegible]

COCOA 10 tonnes, $/tonnes

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	60.42	61.50	60.37	61.87
August	63.27	64.15	63.27	64.77
Oct	62.57	63.30	62.50	63.57
Dec	63.65	64.30	63.27	64.55

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

OTHER MARKETS

WOOL FUTURES

[illegible]

ROTTERDAM

[illegible]

HIDES

[illegible]

COTTON

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady in thin trading

The dollar was mostly unchanged from Wednesday's closing levels yesterday although it fluctuated during the day on fresh economic data and end of month trading. News of a 0.2 per cent fall in U.S. leading economic indicators was much in line with market expectations while an 11.9 per cent drop in single family home sales was considerably more than expected. However technical reaction to the end of the month helped to underpin the dollar and it closed at DM 3.0800, down from a high of 3.0860 but up from DM 3.0780 on Wednesday.

Elsewhere it finished at SwFr 2.5975 from SwFr 2.5875 and Y251.50 compared with Y251.70. Against the French franc it closed at FFr 9.3850 from FFr 9.38. Trading was also affected by the current meeting of foreign exchange dealers in Toronto. On Bank of England figures, the dollar's exchange rate index fell to 146.0 from 146.4.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index 79.9 against 79.3, having opened at 80.0 and touching a low in the afternoon of 79.6. The six months ago figure was 79.4.

Sterling's index was its highest closing level for a year with the current level of UK interest rates providing firm underlying support. This was enough to offset any concern over a possible reduction in oil prices. Sterling too was affected by the lower level of trading and finished at $1.2745 against the dollar up from $1.2675.

Against the D-mark it rose to DM 3.9250, its best level since early February 1984 and up from Wednesday's close of DM 3.90. Elsewhere it rose to SwFr 3.3050 from SwFr 3.2775 and FFr 11.95 compared with FFr 11.90. It was also higher against the yen at Y320.50 from Y319.0.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8730. April average 3.0856. Exchange rate index 121.7 against 120.6 six months ago.

The dollar showed little overall change from opening levels in Frankfurt yesterday but was down from Wednesday's close. It finished at DM 3.0770 down from DM 3.0910. It touched a high of DM 3.0860 after news of a 0.2 per cent fall in U.S. leading indicators but came back later in the day. Trading was rather thin with many dealers attending a conference in Toronto. The D-mark showed no reaction to West German trade figures released yesterday which although slightly lower than expected were offset by an improved current account surplus.

STERLING INDEX

	May 30	Previous
8.30 am	80.0	79.2
9.00 am	80.0	79.1
10.00 am	79.9	79.2
11.00 am	80.0	79.2
Noon	80.0	79.2
1.00 pm	80.0	79.2
2.00 pm	79.6	79.2
3.00 pm	80.0	79.2
4.00 pm	79.9	79.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.1822	+0.63	+0.63	±1.5471
Danish krone	8.14104	8.07165	−0.85	−0.85	±1.6419
German D-mark	2.24184	2.24449	+0.12	+0.12	±1.1475
French franc	6.87456	6.84090	−0.49	−0.49	±1.3689
Dutch guilder	2.52595	2.53131	+0.21	+0.21	±1.5171
Irish punt	0.72569	0.717063	−1.19	−1.19	±1.6673
Italian lira	1403.49	1434.09	+2.19	+2.18	±4.0419

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 30	Prev. close
£ Spot	$1.2712-1.2729	$1.2670-1.2680
1 month	0.50-0.48 pm	0.50-0.48 pm
3 months	1.47-1.49 pm	1.47-1.43 pm
12 months	3.85-3.79 pm	3.85-3.78 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

May 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2650-1.2800	1.2740-1.2750	0.53-0.50c pm	4.85	1.15-1.48pm	4.88
Canada	1.7530-1.7667	1.7535-1.7545	0.43-0.34c pm	2.63	1.30-1.16pm	2.80
Nethlnd.	4.41½-4.43½	4.41½-4.42½	2-1⅝c pm	6.28	8¼-8pm	6.65
Belgium	78.83-79.19	78.90-79.00	27-22c pm	3.72	75-66pm	3.87
Denmark	14.07-14.13½	14.10½-14.11½	4-3ore pm	2.98	12½-11½pm	3.38
Ireland	1.2484-1.2563	1.2540-1.2560	0.15p pm-0.01d	−0.67	.38pm-.06d	−0.53
W. Ger.	3.91½-3.93½	3.92-3.93	2½-2¼pf pm	7.07	5⅞-5⅝pm	9.88
Portugal	221-229½	221-225	95-420c dis	−13.86	300-1195d	−19.41
Spain	221½-222½	221½-222½	5c pm-10dis	−0.14	25-60dis	−0.77
Italy	2,497½-2,614½	2,505-2,506	par-2lire dis	−9.48	2-5dis	−9.56
Norway	11.26-11.31	11.27½-11.28½	½ore pm-½dis	—	½pm-½dis	−9.13
France	11.93½-12.00½	11.94½-11.95½	2¼-2¼c pm	2.45	7½-6½pm	9.28
Sweden	11.33½-11.37½	11.34½-11.35½	3½-4ore dis	−3.90	10½-10½dis	−3.70
Japan	320-321½	320-321	1.70-1.60y pm	6.18	4.97-4.83pm	6.12
Austria	27.52-27.64	27.53-27.59	15-13½gro pm	6.20	42½-38½pm	5.91
Switz.	3.30-3.31½	3.30-3.31	2½-1⅞c pm	7.26	6-5½pm	7.11

Belgian rate is for convertible francs. Financial franc 79.30-79.40. Six-month forward dollar 2.60-2.55c pm, 12-month 4.00-3.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2650-1.2800	1.2740-1.2750	0.53-0.50c pm	4.85	1.15-1.46pm	4.65
Ireland†	1.0140-1.0196	1.0155-1.0165	0.42-0.32c pm	4.36	1.20-0.90pm	4.13
Canada	1.3780-1.3819	1.3780-1.3790	0.24-0.27c dis	−2.22	0.62-0.67dis	−1.87
Nethlnd.	3.4555-3.4800	3.4715-3.4725	0.14-0.11c pm	0.43	0.79-0.75pm	0.88
Belgium	61.77-62.10	61.90-62.00	6-7c dis	−1.26	15-17dis	−1.03
Denmark	11.03-11.09½	11.07½-11.08	1-1½ore dis	−1.36	2½-3½dis	−1.08
W. Ger.	3.0680-3.0860	3.0795-3.0805	0.54-0.49pf pm	2.01	1.73-1.68pm	2.22
Portugal	173½-176	174½-175	150-400c dis	−18.88	450-1150d	−18.31
Spain	173.80-174.80	174.20-174.60	72-82c dis	−6.31	225-250dis	−9.48
Italy	1,959-1,968	1,967-1,968	8½-9lire dis	−6.35	25½-28dis	−6.22
Norway	8.83-8.87	8.85-8.86½	3½-4ore dis	−9.09	10½-11dis	−4.87
France	9.35½-9.40½	9.38½-9.38½	1.83-1.93c dis	−2.41	5.50-5.80dis	−2.41
Sweden	8.88½-8.92½	8.90½-8.91	6-6½ore dis	−9.44	19½-18½dis	−8.33
Japan	251.10-251.72	251.45-251.55	0.31-0.27y pm	1.38	0.98-0.93pm	1.52
Austria	21.58-21.68½	21.60-21.65	2½-2gro pm	1.32	8-5½pm	1.25
Switz.	2.5855-2.6020	2.5970-2.5980	0.56-0.50c pm	2.48	1.66-1.60pm	2.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 62.20-62.30.

OTHER CURRENCIES

May 30	£	$		£ Note Rates
Argentina Peso	746.80-747.70	585.80-586.40	Austria	27.45-27.78
Australia Dollar	1.9140-1.9180	1.5050-1.5070	Belgium	79.00-79.80
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	14.04-14.18
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	171.86-175.58	134.64-137.46	Germany	3.90½-3.94½
Hong Kong Dollar	9.9190-9.9290	7.7705-7.7795	Italy	2485-2585
Iran Rial	116.50*	92.59*	Japan	329-324
Kuwait Dinar (KD)	0.3863-0.3868	0.30300-0.30315	Netherlands	4.40-4.44
Luxembourg Fr	78.00-79.00	61.90-62.00	Norway	11.24-11.35
Malaysia Dollar	3.1630-3.1680	2.4700-2.4790	Portugal	219-228
New Zealand Dlr	2.8155-2.8935	2.2200-2.2248	Spain	214-229
Saudi Arab Riyal	4.6014-4.6063	3.6096-3.6100	Sweden	11.31-11.49
Singapore Dollar	2.8340-2.8390	2.2230-2.2200	Switzerland	3.29-3.33
Sth African Rand	2.5430-2.5560	1.9950-1.9990	United States	1.26½-1.28½
U.A.E. Dirham	4.6818-4.6867	3.6720-3.6730	Yugoslavia	325-350

* Selling rate.

CURRENCY MOVEMENTS

May 30	Bank of England Index	Morgan Guaranty Change %
Sterling	79.9	−9.6
U.S. dollar	146.0	+91.4
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	89.3	−11.1
Danish Kroner	77.8	−5.7
Deutsche mark	131.7	+9.4
Swiss franc	139.9	+7.1
Guilder	112.8	+3.0
French franc	66.0	−18.9
Lira	49.3	−17.1
Yen	154.6	+11.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.778897	0.572687
U.S. $	7½	0.994808	0.730740
Canadian $	9.89	*	1.00697
Austria Sch.	4½	21.4838	15.7842
Belgian Fr.	[illegible]	[illegible]	[illegible]
Danish Kr.	7	[illegible]	[illegible]
D'mark	4½	3.05698	2.24449
Guilder	5½	3.44851	2.53131
French Fr.	9½	9.31389	6.84090
Lira	16½	1953.18	1434.09
Yen	5	250.893	183.710
Norway Kr.	8	8.79908	6.45434
Span'h Pta.	—	178.898	127.904
Swedish K.	11.5	8.86185	6.49818
Swiss Fr.	4	2.57705	1.89081
Greek Dr'ch	20½	135.145	99.0676
Irish Punt	13¾	0.978163	0.717063

*C$/SDR rate for May 28: 1.36797.

EXCHANGE CROSS RATES

May 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.275	3.925	320.5	11.95	3.305	4.293	2506.	1.765	75.95
U.S. Dollar	0.785	1.	3.080	251.5	9.385	2.598	3.472	1968.	1.377	61.95
Deutschemark	0.295	0.325	1.	81.96	3.046	0.842	1.127	638.3	0.447	20.11
Japanese Yen 1,000	3.120	3.977	12.25	1000.	37.29	10.31	13.80	7817.	5.476	246.3
French Franc 10	0.837	1.067	3.286	268.2	10.	2.766	3.701	2097.	1.469	68.07
Swiss Franc	0.303	0.386	1.188	96.97	3.616	1.	1.338	758.1	0.531	23.89
Dutch Guilder	0.226	0.288	0.888	72.47	2.702	0.747	1.	566.5	0.397	17.85
Italian Lira 1000	0.399	0.509	1.567	127.8	4.770	1.319	1.765	1000.	0.700	31.51
Canadian Dollar	0.570	0.726	2.236	182.6	6.809	1.883	2.520	1428.	1.	44.99
Belgian Franc 100	1.297	1.614	4.972	405.9	15.14	4.186	5.602	3174.	2.225	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	7⅛-7¼	10⅛-10½	7⅛-7⅜	3⅛-3⅞	5⅞-6	10⅛-10⅜	11½-13	9⅛-9⅝	9-9¼	6⅛-6⅜	9-9½
7 days' notice	12⅝-12¾	7⅝-7¾	9⅞-10¼	7⅛-7⅜	3-3¼	5⅞-6¼	10⅛-10⅜	12½-14	9⅛-9⅝	8-9¼	6⅛-6⅜	9-9½
Month	12⅛-12¾	7⅝-7¾	9⅝-9⅞	7-7⅛	5⅛-5¼	5⅞-5⅞	10⅛-10⅜	13¼-13¾	8⅞-9⅛	8⅞-9⅛	6¼-6⅜	9-9½
Three months	12⅛-12⅛	7⅝-7⅞	9⅛-9⅜	6⅞-7	5⅛-5¼	5⅞-5⅞	10⅛-10¼	12⅞-13⅝	9-9¼	9-9¼	6¼-6⅝	8⅞-9⅜
Six months	12⅝-12⅞	8-8⅛	9⅜-9⅞	6⅞-6⅞	5⅛-5¼	5⅞-5⅞	10¼-10⅝	15-13⅝	9-9¼	9⅛-9⅜	6¼-6⅝	9-9⅛
One year	12⅛-12⅞	8½-8⅝	9⅞-10⅛	6¾-6⅞	5⅛-5⅛	5⅝-5¾	10⅝-10¾	13⅝-14	9⅜-9⅝	9⅜-9⅝	6⅛-6⅞	9⅝-9⅞

Asian $ (closing rates in Singapore): Short-term $7\frac{11}{16}$-$7\frac{13}{16}$ per cent; seven days $7\frac{11}{16}$-$7\frac{13}{16}$ per cent; one month $7\frac{11}{16}$-$7\frac{13}{16}$ per cent; three months $7\frac{11}{16}$-$7\frac{13}{16}$ per cent; six months 8-8⅛ per cent; one year $8\frac{1}{16}$-$8\frac{11}{16}$ per cent. Long-term Eurodollars: two years 9¼-9⅜ per cent; three years 9⅞-10⅛ per cent; four years 10¼-10½ per cent; five years 10½-10¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Late fall

Interest rate contracts were generally higher on the London International Financial Futures Exchange yesterday, but finished around the lowest levels of the day. A late rally in U.S. markets overnight led to a strong opening for Eurodollars at 91.53 for September delivery. The contract was stuck in a narrow range of 91.51 to 91.54 ahead of yesterday's economic statistics from the U.S. A fall of 0.2 per cent in April leading indicators was around the general level of expectations, but a revision to a rise of 0.1 per cent, from a fall of 0.2 per cent, in the March figure encouraged selling. Comments by Mr Malcolm Baldrige, U.S. Commerce Secretary, about stronger economic growth also depressed dollar denominated contracts, but a surprisingly sharp fall of 11.9 per cent in single family home sales gave only a temporary boost to the market, with some dealers saying the figure was virtually ignored, while others regarded it as an opportunity for selling.

After falling to a low of 91.48 September Eurodollars closed at 91.50, compared with 91.42 previously.

Treasury bonds showed a similar trend, with sentiment helped by a better-than-feared result of a five-year bond auction on Wednesday.

The strong pound and speculation about bank base rate cuts underpinned three-month sterling deposit futures but gilts were weaker on Liffe closing near the day's low.

LONDON

THREE-MONTHS EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	92.12	92.18	92.12	92.07
Sept	91.50	91.57	91.48	91.42
Dec	91.06	91.13	91.05	90.99
March	90.68	90.77	90.68	90.61
June	90.36	90.42	90.42	90.29

Est volume 9,755 (3,393)
Previous day's open int 19,767 (19,497)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.38	87.43	87.37	87.34
Sept	88.30	88.38	88.30	88.24
Dec	88.70	88.77	88.70	88.64
March	88.87	88.90	88.85	88.74
June	88.90	—	—	88.80

Est volume 1,860 (1,735)
Previous day's open int 7,373 (7,367)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	105-27	106-03	105-25	105-28
Sept	109-19	109-28	109-14	109-18
Dec	109-22	—	—	109-24
March	109-10	—	—	109-12

Est volume 2,178 (1,939)
Previous day's open int 3,013 (3,923)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2720	1.2765	1.2650	1.2612
Sept	1.2578	1.2600	1.2545	1.2475
Dec	1.2470	—	—	1.2370

Est volume 373 (17)
Previous day's open int 9,889 (9,888)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3245	0.3254	0.3253	0.3242
Sept	0.3264	0.3273	0.3260	0.3260

Est volume 301 (22)
Previous day's open int 234 (235)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3854	0.3865	0.3865	0.3850
Sept	0.3878	0.3890	0.3890	0.3871

Est volume 292 (22)
Previous day's open int 157 (179)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3976	0.3990	0.3980	0.3973
Sept	0.3991	0.3996	0.3996	0.3988

Est volume 01 (4)
Previous day's open int 9 (149)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	131.70	131.70	130.90	130.90
Sept	132.20	132.20	131.40	131.40
Dec	132.80	132.00	132.00	132.00

Est volume 254 (476)
Previous day's open int 1,552 (1,584)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	76-03	76-25	76-01	76-00
Sept	75-07	75-24	75-04	75-02

Est volume 3,240 (1,384)
Previous day's open int 1,851 (2,181)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	76-04	76-16	76-02	76-08
Sept	75-06	75-18	75-00	75-11
Dec	74-08	74-20	74-07	74-13
March	73-14	73-27	73-13	73-18
June	—	72-28	72-22	72-28
Sept	—	—	—	72-04
Dec	—	—	—	71-17
March	—	—	—	71-00
June	—	—	—	70-19
Sept	—	—	—	—
Dec	—	—	—	69-21

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.39	92.45	92.38	92.40
Sept	91.84	91.89	91.83	91.81
Dec	91.38	91.42	91.37	91.37
March	91.01	91.03	91.00	90.99

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.79	92.85	92.79	92.81
Sept	92.49	92.56	92.47	92.49
Dec	92.14	92.22	92.14	92.13
March	91.84	91.85	91.82	91.80
June	91.55	91.57	91.55	91.53
Sept	91.30	91.31	91.31	91.28
Dec	91.09	91.09	—	91.07
March	90.90	90.90	—	90.89

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.00	92.18	92.07	92.08
Sept	91.48	91.58	91.46	91.45
Dec	91.03	91.10	91.01	91.00
March	90.65	90.72	90.63	90.62
June	90.32	90.38	90.31	90.30
Sept	90.05	90.09	90.04	90.03
Dec	89.79	89.83	89.79	89.77
March	89.56	89.60	89.58	89.54

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2718	1.2770	1.2630	1.2735
Sept	1.2590	1.2630	1.2496	1.2600
Dec	1.2519	1.2510	1.2380	1.2505
March	—	—	—	1.2286
June	—	—	—	1.2370
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	73-07	73-12	73-05	73-09
Sept	72-24	72-28	72-21	72-26
Dec	72-06	72-10	72-06	72-07
March	—	—	—	—
June	—	—	—	71-09
Sept	—	—	—	70-29

MONEY MARKETS

Strong pound brings lower London rates

Interest rates had a softer tone on the London money market yesterday, with sentiment improving as sterling gained ground on the foreign exchanges. The important three-month interbank rate fell to 12⅛-12⅜ per cent from 12⅜-12⅝ per cent, and discount houses buying rates for three-month eligible bank bills declined to 11$\frac{15}{16}$ per cent from 12 per cent. The strength of the pound against the dollar and D-mark has led to suggestions of an early cut in clearing bank base rates, but much will depend on next week's money supply and bank lending figures. Very disappointing figures last month effectively set back any earlier move.

The Bank of England forecast a market shortage of £800m, and provided total help of £831m, mainly through outright purchases of £601m bills and the remainder by way of late assistance.

An early round of assistance was offered and at that time the authorities bought £176m bills outright, through £146m bank bills in band 1 (up to 14 days maturity) at 12⅛ per cent; £26m bank bills in band 2 (15-33 days) at 12⅛ per cent; £3m bank bills in band 3 (34-63 days) at 12⅛ per cent; and £1m bank bills in band 4 (64-91 days) at 12 per cent.

Another £203m bills were purchased before lunch when the Bank of England bought £126m bank bills in band 1 at 12⅛ per cent; £57 bank bills in band 2 at 12⅛ per cent; £10m Treasury bills in band 3 at 12⅛ per cent; and £10m bank bills in band 3 at 12⅛ per cent.

In the afternoon a further £222m bills were purchased, by way of £12m bank bills in band 3 at 12⅛ per cent.

Late assistance of around £230m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £345m, while the unwinding of repurchase agreements absorbed £596m, and bank balances below target another £55m. These outweighed Exchequer transactions adding £205m to liquidity.

UK clearing banks base lending rate 12⅛-12¾ per cent since April 19.

MONEY RATES

May 30	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.90-6.00	10¼	1⅛-1⅛	7⅛-7½	6.09979	18⅛-19⅛	7.76	13¾-16
One month	5.70-5.85	10$\frac{1}{16}$-10$\frac{3}{16}$	5⅛-5¼	7-7⅛	6.34375	14⅝-16	8⅞-9⅛	12⅝-12⅞
Two months	5.70-5.85	10⅛-10¼	—	—	—	—	—	12⅛-12¼
Three months	5.75-5.90	10⅛-10¼	5$\frac{1}{16}$-5$\frac{3}{16}$	6⅞-7	6.34375	14⅞-16¼	9-9¼	12⅛-12⅜
Six months	5.75-5.90	10$\frac{1}{16}$-10$\frac{3}{16}$	—	6$\frac{13}{16}$-6$\frac{15}{16}$	—	—	9-9¼	12⅛-12¾
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	8⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 30 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¼-13¼	10⅝-12¾	12-12⅛	11-12¼	—	—	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12¾	12⅝-12¾	12⅞	12⅛-12⅝	—	—	—	—	—
One month	12¾-12⅝	12$\frac{11}{16}$-12⅝	12$\frac{11}{16}$	12⅞	12⅛	12¼	12$\frac{3}{16}$	12$\frac{3}{16}$	12⅛	12$\frac{15}{16}$
Two months	12⅝-12$\frac{7}{16}$	12$\frac{7}{16}$-12¼	12⅝	12⅞	12⅝	12⅛	12	12$\frac{1}{16}$	12-12$\frac{1}{16}$	12$\frac{13}{16}$
Three months	12$\frac{1}{16}$-12⅞	12⅛-12$\frac{15}{16}$	12⅝	12⅞	12¼	11$\frac{31}{32}$	11⅞	12$\frac{1}{16}$	11⅞-11$\frac{15}{16}$	12$\frac{15}{16}$
Six months	12¾-12⅛	12⅞-12½	12$\frac{1}{16}$	—	—	—	—	11$\frac{13}{16}$-11⅝	11$\frac{13}{16}$-11$\frac{11}{16}$	12¼
Nine months	12⅛-12	12$\frac{1}{16}$-12⅝	—	—	—	—	—	—	—	—
One year	12-11⅞	12⅛-12¼	12$\frac{1}{16}$	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼-13	—	12$\frac{1}{16}$	7.6-7.9	7$\frac{11}{16}$-7$\frac{15}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$
Two months	12$\frac{1}{16}$-12$\frac{11}{16}$	—	12$\frac{1}{16}$	7.6-7.77	7¾-8	9$\frac{1}{16}$-9⅛
Three months	12$\frac{1}{16}$-12$\frac{11}{16}$	—	12⅝	7.65-7.75	7$\frac{13}{16}$-8$\frac{1}{16}$	9⅛-9⅜
Six months	12¾-12⅛	—	12$\frac{1}{16}$	7.8-7.9	7$\frac{15}{16}$-8$\frac{3}{16}$	9$\frac{3}{16}$-9$\frac{5}{16}$
Nine months	12⅝-12⅝	—	12¼	8.16-8.29	—	—
One year	12⅛-12¼	—	12$\frac{1}{16}$	8.4-8.9	8¼-8⅝	9$\frac{5}{16}$-9$\frac{11}{16}$
Two years	—	11¾	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13¾ per cent. Bank Deposit Rates for sums at seven days' notice 9.85-7.25 per cent (net). Treasury Bills: Average tender rate of discount 11.9217 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 5 12¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 30)

3 months U.S. dollars	
bid 7 5/4	offer 7 7/8

6 months U.S. dollars	
bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL TIMES SURVEY

Switzerland

The Swiss are rich and doing well. Their economy has accumulated a lot of financial muscle. But they know that deregulation of financial markets elsewhere and technological change are a challenge that must be met if they are to hold their place in the world.

Top league gets tougher

By William Dullforce
Geneva Correspondent

CAN THE Swiss keep going? The question being asked, not for the first time in the past few decades, is whether the Swiss can continue to generate the growth in woalth which has brought their small and unique confederation its unmatched material privileges.

Previously the question has always proved to be unnecessary and it seems absurd at the present, when the gross national product is set for annual increases of 2.5 per cent over the next couple of years, the hanks are churning out record profits and the engineering companies have started to eliminate their losses.

It is significant, too, that the question is most frequently raised in banking communities outside Switzerland. The doubt expressed—and it is not untinged with envy of past performance—is whether the Swiss financial system can adjust to the fiercer competitive climate expected to be engendered by the deregulation of financial markets in New York, London, Frankfurt and Tokyo.

Similar comments can be heard about the Swiss workshop, that relatively small group of machinery manufacturers, watchmakers, chemical and food concerns, which together with tho Swiss financial centres provides the underpinning for Swiss prosperity.

Tho troubles in the watchmaking industry have been evident for some time but now one hears as well reports of sclerosis in major engineering companies. Their less than brilliant performance in the past couplo of years, it is suggested, reflects tardiness in adopting modern manufacturing techniques and in seeking new products and markets.

In its crudest form, the view is that the Swiss have been living for too loog off the fat of foreign funds and accumulatod profits, and are now facing their come-uppance.

From inside Switzerland the argument appears to he grossly exaggerated. A lot of "fat" has been converted into considerable financial muscle in the untaxed reserves of the banks and the hig companies and, slow as its reactions may sometimes be, Swiss society's peculiar amalgam of corporate self-interest and local political autonomies has proved historically to be flexib/ enough to cope with challenges.

The Swiss are not denying that there is a challenge. Consider this passage from the report to the annual general meeting of Credit Suisse by Mr Rainer Gut, the chairman.

"For Switzerland, the international financial environment of the future will not be an easy one. There is every possibility that ground will ha lost. Some might be tempted to sit back and accept this, arguing that a healthier world economy is bound to involve a scaling-down of Switzerland's financial position . . . but such an attitude would be dangerous. Success in competing with the big nations has always been tho key to Switzerland's prosperity and will remain so in the future."

In the context, the reference to "big nations" could have been in tho singular. Mr Gut, noting the "Machiavellian ruthlessness" with which international competition in financo is often conducted, went on to appeal for support at home against "attacks on Swiss banking practices" which could undormine Switzerland's advantages and shift the competitive balance in favour of foreign centres.

Pressure

He did not spell it out hut had in mind the pressure exerted hy the U.S. over the past few years on Swiss banking secrecy. He is obviously unhappy about some of the concessions made to this pressure by the Swiss federal authorities. "Rather than compromise automatically with every foreign demand, Switzerland must clearly state and energetically uphold its own interests and legal system," Mr Gut said.

The American pressure has come in the shape of demands from the U.S. department of Justice and the Securities and Exchange Commission for help in identifying and prosecuting cases involving tax fraud and unlawful insider trading in stocks allegedly perpetrated in the U.S. by individuals using Swiss bank channols.

Implicit in the American attitude has been a threat to Swiss banking and corporate interests in the U.S., unless cooperation was forthcoming.

Tho Swiss have responded by concluding a treaty on mutual legal assistance with the U.S. and complementing it with a memorandum of understanding covering instances of insider trading. A Bill banning insider trading bas just been sent to the Federal Parliament.

On tho other hand, in a referendum last year Swiss voters rejected by an overwbelming majority a proposal to relax Swiss banking secrecy, which is ombedded in statutes forbidding bank or corporate officials from passing on information about customers.

Tho dispute, coloured by the moralistic flavour of the American approach and tho commercial libertarian attitude of the Swiss, mirrors some fundamontal differences. For the Swiss, taxation is a necessary evil, best kept within limits. The Americans object to hig players on their financial markets operating under the protection of legal systems which could help them circumvent U.S. law.

Io tho recent situation of intensified competition on world financial markots, not least from the big U.S. banks, maoy Swiss bankors do see something Machiavellian in American legal pressures which could deprive them of a major comparative advantage: the anonymity they can offer their customers.

The real issue for the Swiss banks is to keep the outside world depositing surplus money into their keping. This depends on comparative advantages other than hanking secrecy, for instance, on an efficiency operating Swiss banking system providing all-round services worldwide.

Again, it is suggested that complacency has been creeping up on the Swiss and that they are not yet alive to the new opportunities opened by deregulation, nor geared to exploit thom.

The big Swiss banks have, at any rate, respondod aggressively over the past 12 months, buying stockbroking bouses and banks in London and West Germany, huilding up their assets in the U.S. and sharpening the dialogue over reciprocity with the Japanese.

At home, the reaction has been more mixed and perhaps less decisive. The hig banks are spending heavily on improved electronic equipment and all banks are lobhying vigorously for the removal of remaining fiscal and regulatory constraints, such as tha stamp duty on securities transactions.

However, corporate strategies appear to differ over how best to attract the institutional investors who are playing an increasingly bigger role.

Foreign bankers see a surprising indecisiveness in the modernisation of the Swiss securities market and in providing the stock exchanges with new trading instruments, which are being developed elsewhere, to offer customers opportunities for hedging risks.

The comparative advantages of the Swiss banking and insurance markots and the smooth transfer of employment from manufacturing to these expanding services havo been regarded for years as positive features of the Swiss economic and social scene.

With expansion in the financial services under challenge, concern is naturally being voiced about the health of the manufacturing industry, which doclined sharply in relative importance during the 1970s, but still provides some 27 per cent of the combined value added.

Innovative

The concern has recently focused on the innovative capacity of Swiss industry, about which doubts have been expressed.

Companies are said to have been sluggish in exploiting new techniqnes (the watchmakers) and to be spending ton much time and resources refining existing products, for which demand bas been stagnating (machinery manufacturers). It is also said that not enough is being done to provide venture capital for small companies and to stimulate the introduction of new manufacturing techniquos.

Spending on research and development by Swiss industry at about SwFr 550 ($213) per hoad of population is high by international standards. However, Mr Marc Moret, the chairman of Sandoz, one of the hig three chemical companies, recently put his finger on two woaknesses: too much goes to development rather than to research and 95 per cent of the total is spent by just two sectors, tbe chemical industry and the machinery manufacturers.

Other companies, including those in services, should make a greater contribution, Mr Moret suggested—an obvious nod in the direction of the banks whose efforts to furnish venture capital and to finance research in smaller companies have been rather nonchalant.

Mr Moret also complained of the sapping of entrepreneurial vigour ongendered by the "comfortable security of working inside big corporations . . . and the shift in the structure of national wealth from private ownership to collective institutions." Does this mean that the hard-working Swiss, too, are succumbing to the laxities that have beset other advanced, industrial societies?

Not entirely, to judga by tha recent comoback in the watchmaking industry. There the success of the Swatch was due in largo measure to the injection of new managerial talent and was made possible by tha somowhat reluctant intervention of tho hanks, who wrote off thoir losses, merged, and restructured the finances of the two largest companies.

The reaction to the challonge of the Japanese watchmakers was belated but, when it came, it seems to have heen effective. It offers a good augury for the Swiss ability to cope with tho bigger challenge on the world financial markets. Don't write the Swiss off yet.

The Matterhorn above Zermatt overshadows the Gornergrat rail terminus

CONTENTS

A strategy that fits world trends

Economy

W. L. LUETKENS

THE ZURICH banker and economist waved aside a question about the state of the Swiss economy. "There's nothing much to be said about us," be smiled. "We're doing well."

So they are. A period of cyclical expansion is reaching its peak, but real growth is expected to continue in 1986. The money supply is under control and though both the inflation rate and unemployment have crept up a bit, most other European industrialised states would be happy to be doing as well in these areas.

There are catches. As is typical for a mature economy, productivity growth over the medium term has been slow. The labour market is not quite as idyllic as it looks. Above all there is an argument, stoked up by a recent critical publication of the Organisation for Economic Co-operation and Development (OECD), whether Swiss industry can cope with the worldwide rush into ever higher new technologies.

To take the short-term first. Gross domestic product, in the view of the forecasters at the Helvetic Technical University in Zurich, will grow by 2.8 per cent this year and by another 2.5 per cent in 1986. The current upswing began late in 1982 with a stimulus to private consumption given by a favourably high exchange rate.

Boost to exports

Public consumption followed in 1983 and then a reversal of the exchange rate, as the U.S. dollar soared against the Europeans, gave a boost to Swiss exports. Previously, the expansion had been largely imported.

In the meantime, rising economic activity has given a stimulus to the investments of industry in capital equipment, though demand for industrial building remains low. The implication is that entrepreneurs are not especially interested in expanding capacities but are concentrating upon rationalisation.

The tendency in the mechanical engineering industry is towards more sub-contracting, reflecting both a refusal to create capacities that may not be required beyond the short term, as well as a perfectly healthy trend towards increasing specialisation of individual enterprises.

Such specialisation has enabled Switzerland to hold on to a 2 per cent share in world export markets, greatly exceeding its share in world economic activity. None the less the Swiss regularly run a deficit on their trade in goods and services. It is equally regularly more than made up for by a surplus on dividends and interest payments which keeps the current account in almost constant surplus.

The manner in which the current economic upswing bas developed shows the importance of the exchange rate to the Swiss economy with its close integration into world markets. Exports and imports of goods and services amount to 43 per cent and 47 per cent of gross national product respectively.

Given such amounts the future course of events cannot but be profoundly affected by the dollar exchange rate, seeing that the U.S. is Switzerland's second largest trading partner.

In their forecasts published in March, the experts at the Zurich Technical University predicted that the real exchange rate of the Swiss franc, trade weighted and adjusted for different national inflation rates, would fall by 4 per cent this year, even more than last year's 3.3 per cent. That forecast for 1985 looks on the high side both because the U.S. dollar no longer is as strong as it was, and because the Swiss inflation rate at the moment is higher than the German rate.

As a combined result of growth beginning to slow down in 1986 and of the priority which Swiss economic policy allots to price stability, the nominal exchange rate may once again begin to rise next year, especially if West Germany, the main trading partner and competitor of the Swiss, should switch to a more expansionary policy.

Monetary control is the instrument with which the bank seeks to check the domestic price level and has done so rather successfully. The target for the expension of the central bank money stock this year is 3 per cent, the same as in 1984. The longer-term objective is to come down to expansion averaging 2-2.5 per cent each year.

Greater burden

In Switzerland the burden imposed on monetary policy is greater than in most other countries, because the scope for fiscal policy as a means to influence the economy is narrow or non-existent. The reason is that tax changes, both at national and at local level, are always liable to be overruled by popular referenda, and popular opinion is committed to the idea of a balanced budget.

As a result, fiscal policy is by nature restrictive, both in the short and longer term. The aggregate deficits of all levels of government have been brought down from about 2 per cent of gross domestic product in the early 1970s to 0.9 per cent in 1983. That trend is likely to continue.

It is a remarkable fact that in spite of fiscal and monetary policies, both of which are restrictive, Switzerland has got away with an unemployment rate that averaged a mere 1.1 per cent in 1984 and is expected to come down to 1 per cent this year.

The usual explanation for such low unemployment is the great flexibility of the Swiss labour market. The army of foreign labourers has increased or declined in keeping with needs and marginal Swiss labour, especially part-time women workers, bave tended to drop out of the labour force in bad times. That is beginning to change as migrant labourers increasingly receive long-term residence permits instead of being allowed in for one year at a time and as more liberal benefits cause most Swiss residents to sign on as unemployed when the need arises.

As a result, the labour market developed very differently in the last two recessions. In the mid-1970s 200,000 migrants' jobs and another 100,000 jobs done by Swiss disappeared. In 1981-1983 the burden was shared equally by 20,000 migrants and 20,000 residents.

The new pattern also means that some flexibility has been lost and that unemployment is on a rising longer-term trend. But as Prof Jean-Christian Lambelet, head of the Institute of Applied Economic Studies at Lausanne University puts it: "Unemployment is creeping up. It is not leaping up."

Low to non-existent unemployment is a cornerstone of the consensual system that has all but banished strikes from contemporary Switzerland and has largely committed the trade unions to a policy of wage moderation. In its last report on the country the OECD suggested that sucb moderation might explain the relatively low growth of productivity over the medium term because there was less encouragement to substitute capital for labour. The criticism needs to be taken in context.

Productivity may be growing slowly, but it quite obviously is high in absolute terms: how else can one explain the continued success of Swiss exports on world market, given that Swiss wages are among the highest in the world?

Swiss experience with the consensual system has been relatively free of the rigidities that consensus has created in some other countries. As has been seen, the labour supply is flexible. So to a considerable extent are weges since there is widespread scope for decentralised bargaining. But Prof. Lambelet points out that there are certain other rigidities in the Swiss economy. Margins on imported goods tend to be kept high and food prices must be among the highest in the world.

The OECD has been sceptical about the ability of Swiss industry to hold its own in the development of innovative technologies.

A challenge

Switzerland, in fact, allowing for its size, is among the world's big spenders on research and development. It was equivalent to 2.3 per cent of gross domestic product in 1983 according to a recent study from the chambers of commerce organisation. That constitutes a marginal decline from the 2.5 per cent of 1981 when the Swiss were the joint leaders with the U.S.

Traditional industries, meaning mechanical engineering and chemicals, account for 95 per cent of this spending, giving rise to the charge that Switzerland is perfecting technologies of the past rather than those of the future.

Some criticism is made within Switzerland of the academic world which, it is said, is not sufficiently flexible to adapt to technological change. The fact that there were no courses in computer sciences at the Technical University before 1981 support the change.

The Government has proposed a modest programme of guarantees to encourage private and corporate investors to support innovative ventures of smaller enterprises. It was watered down by the Parliament and may never come to life because the opposition has been sufficiently strong to have the proposal submitted to popular referendum in September.

Opposition to such a scheme springs from many sources: dislike of state intervention in business, fears of awkward competition; but also from the belief of many seasoned economists that a country as rich as Switzerland can always buy in new technologies.

At first that sounds unambitious and even dangerous. In practice it may be in keeping with the tried Swiss strategy. As a small country, Switzerland has excelled in finding market niches and in specialisation: mass production is not the Swiss way. It is a strategy that requires fitting in with world trends, rather than leading them.

Performance and prospects

	1984	1985	1986*	% change from previous year 1984	1985	1986*
Domestic demand	109.2	112.2	115.1	2.0	2.7	2.6
Exports of goods	38.3	40.5	42.2	6.4	5.5	4.3
Exports of services	10.2	10.5	10.9	3.5	3.5	3.5
Total exports	48.5	51.0	53.1	5.8	5.1	4.1
Total demand	157.7	163.2	168.2	3.1	3.5	3.1
Imports of goods	47.8	50.2	52.3	7.3	5.0	4.3
Imports of services	5.9	6.1	6.3	4.0	3.5	3.5
Total imports	53.7	56.3	58.6	6.9	4.8	4.2
Change in stocks†	0.3	0.8	0.6	—	—	—
Gross domestic product at market prices	106.3	109.7	112.1	2.6	3.2	2.2
Interest, dividends, wages and salaries received from abroad	11.6	11.8	11.8	10.9	1.9	0.5
Interest, dividends, wages and salaries remitted abroad	4.3	4.3	4.4	0.7	1.9	1.9
Gross national product at market prices	113.6	117.1	119.5	3.4	3.1	2.0

* Forecasts. † Including statistical discrepancy.

Source: Economic Research Office at Helvetic Technical University, Zurich.

PROFILE: PIERRE LANGUETIN

National Bank's quiet diplomat

"THE DIPLOMAT replaces the salesman," is how a Swiss banker described the change, when M Pierre Languetin took over from Mr Fritz Leutwiler as chairman of the National Bank this year. The witticism pointed accurately to the change in style.

It said nothing about possible changes in the message from the central bank, perhaps because the speaker, like most Swiss bankers, knew too little about M Languetin.

A Vaudois from the French-speaking part of Switzerland, M Languetin's image most closely resembles that of a French baut fonctionnaire, whose career has been devoted to the service of the state and eschewed the personalised touch. There is no gossip about him.

In fact for several reasons the message from the National Bank is unlikely to change under his administration. The National Bank has been running a successful monetary policy for the last few years—since in fact it set about repairing the damage caused in 1978 when Switzerland followed the West German example, allowed an expansion of the money supply and released the hounds of inflation.

Stability

As a member of the three-man governing board of the Bank M Languetin put his signature to that policy. On the board he is *primus inter pares* (he draws the same salary as Mr Marcus Lusser and Mr Hans Meyer, the other members) and he is less likely than Mr Leutwiler to try to impose his views on his colleagues.

Furthermore, in his first public statements he has underlined continuity of National Bank policy. When asked what mark he would hope to leave on the bank during his three-year tenure (be reaches retiring age in 1988), be stresses his dedication to the constitutional charge on the bank to ensure price stability.

But what line would M Languetin, a rather unknown quantity to the bankers, be likely to take, should the

Pierre Languetin, chairman of the National Bank: his image is that of a French "haut fonctionnaire"

Swiss currency, the economy or the banks run into difficulties?

He expounds free market principles: "It is not our job to rescue banks. If a bank got into trouble, we would limit our responsibility to safeguarding the system."

On broader policy issues the key to M Languetin's possible reactions lies in his career: he is a negotiator. Before he became a member of the National Bank governing board in 1976, he had helped to form the European Free Trade Association and to negotiate Switzerland's free trade agreement with the EEC and its accession to the International Energy Agency.

He is not the intellectual snob that such a reply may suggest in cold print. Although he does not talk readily about his private life, he enjoys his three young grandsons, reads detective novels and likes gardening and do-it-yourself jobs.

He is fascinated by the writings and career of General Charles de Gaulle, the Free French Leader in World War II and later creator and first President of France's Fifth Republic. The aspect he most admires was de Gaulle's "power to translate words into reality."

M Languetin clearly relishes the international aspects of his new job, in particular the meetings of the Group of Ten leading industrial countries (wbich, he suggests, should be renamed Group of 11 now that Switzerland has become a full member).

It is through this Group, he believes, that Switzerland has the best opportunity of influencing international monetary developments. This may be where the diplomat-chairman of the National Bank will, in his quiet way, leave his mark.

William Dullforce

Public issues in Switzerland

	Swiss Francs (m)		
Year	Domestic bonds (new money)	Foreign bonds (new money)	Shares (issue value)
1981	6,987.1	7,515.0	2,041.3
1982	9,009.4	9,974.5	559.7
1983	8,773.3	10,261.8	1,027.3
1984	6,930.9	11,150.2	1,689.8
Jan.-Mar. 1985	2,170.7	3,832.1	115.2

Safety first steers system clear of risks

Capital Markets

JOHN WICKS

HEAVY FOREIGN demand for Swiss-franc debt set the pace for Swiss capital markets over tha past year. Total foreign borrowings subject to National Bank approval reached a new record of well over SwFr 40.6bn (£12.41bn) in 1984. Of this total, SwFr 11.15bn took the form of public bond issues—or 60 per cent more than the new-money total for domestic bonds.

This year, foreigners are still in the forefront. While a drop in export and finance credits led to a slight decline of overall foreign borrowings in the first quarter, a further increase in the long-term sector offset the continued downward trend in domestic issues. The buge market in medium-term notes picked up again after a slight drop in 1984, with total issues of over SwFr 5.6bn in the first three months alone.

As always, the Swiss are highly successful in attracting first-class debt to their bond markets. In the first quarter of 1985, for example, industrialised countries accounted for well over three quarters of the foreign-borrowings total of SwFr 11.84bn, with the lion's share of the remainder lent out to virtually gilt-edged development organisations. A long-standing policy of safe, if unadventurous, 'oan portfolios has kept the country's banking system largely unaffected by serious sovereign risks.

Securities

In all, this year seems set fair to break new records in the Swiss-franc capital market. This is indicated by figures from the Zurich bourse—the Continent's biggest—showing a rise in securities trading in the canton from SwFr 78.1bn in the first quarter of 1984 to almost SwFr 108.4bn in the corresponding 1985 period; last year had, it should be noted, already seen a 16 per cent rise in turnover to a record SwFr 308.4bn.

The foreign-bond business will doubtless expand even faster after a decision this month by the Swiss National Bank to lift e SwFr 200m ceiling on each individual issue. The inability to float larger sums had led some potential foreign borrowers — including governments — to take their custom to other countries or to the Swiss medium-term note sector.

Demand on the part of the investing public has been fuelled by the weaker dollar and generally lower interest levels. This showed up particularly on the share market, where the Swiss Bank Corporation index on May 21 reached the all-time high of 464.8 points. The importance of this is underlined by the fact that it took until this year for the index to pass a peak set as long ago as 1972.

Equity markets may be expected to continue strong, not least in the light of an overall improvement in corporate results, and initial signs are that 1985 figures will be at least as good and probably better. Not many new shares are being issued, though, and there seems to ba e slowdown in first-time listings.

Switzerland's bourses will, in fact, be expanding their operations quite substantially in the coming years. The Geneva and Basle bourses move into new premises in late 1985 and early 1986, respectively, while e local referendum will next month decide on a credit grant necessary for the building of a new Stock Exchange in Zurich to come into use in about 1990.

Apart from plans to introduce option trading in all three centres in about two years' time, it now appears that medium-term notes — hitherto referred to with growing inexactitude as "privata placements"—could be listed once the maximum lot value for traded stock is raised from SwFr 5,000 to SwFr 50,000.

This spring's new bond issues bave been well sought after, with a resounding success for the huge SwFr 300m warrant-bond float by Nestlé even although the corresponding option purchase involves registered shares and is thus virtually reserved for Swiss investors.

Swiss corporate borrowers, other than banks, are not much in evidence, however, apart from the recent Nestlé transaction. In the May-June period, almost the entire bond calendar is devoted to public authorities, banks and utilities. The banks alone had last year accounted for SwFr 2.45bn of the SwFr 6.93bn domestic bond floats, incidentally, as well as 37 per cent of the nominal SwFr 1.68bn of new share issues.

Interest rates

Interest rates in Switzerland have recently been showing a slight downward trend. Inflation fell back from its (by Swiss standards) high level of 3.9 per cent in March to some 3.6 per cent last month and is generally expected to continue its descent.

With Euro-Swiss franc rates down to below the 5 per cent mark for one and two-month maturities, the big banks cut their time-deposit rates earlier this month to 4½ per cent for 1-12-month deposits.

This has been reflected in longer-term markets. This month's tender issue of Federal bonds resulted in a yield of 4.75 per cent for 11-year paper, compared with the 5 per cent on 12-year bonds floated in March (and priced at 101.4 per cent). The Nestlé warrant bonds were snapped up at 3.25 per cent, selling for as much as 108 per cent on the secondary market after subscriptions closed, and Swiss Bank Corporation afterwards also floated SwFr 200m of 3.25 per cent warrant bonds.

Straight bonds are priced at about the same level as earlier in the year, first-class domestic borrowers paying around 5 per cent and top foreign names between 5.625 per cent (Kingdom of Sweden) and 5.875 per cent (Italian States Railways). On the notes market, where Japanese companies continue to dominate the scene, straight five-year issues are going for 5.5-5.75 per cent.

Banks' own interest rates have shown little movement recently, apart from the reduction in time-deposit rates and a slight overall fall in those for the banks' over-the-counter notes ("Kassenobligationen"), now running at 4.75 per cent to 5.25 per cent, according to bank and maturity.

Switzerland is thus far removed from the problems it experienced a few years ago, when high international short-term rates were reflected domestically and led to a distortion of the whole interest structure. This affected both savings and mortgage rates—of great political significance in a land with the highest per capita savings and mortgage-debt figure in the world.

Trading on the Zurich Bourse.

Worldwide deregulation is depriving the country's all-round banks of a traditional advantage

Facing up to a stronger foreign challenge

Banking

WILLIAM DULLFORCE

THE SWISS banks packed some solid profit and balance sheet growth under their belts last year, adding to the already impressive capital strength with which they are staking out positions on the deregulated world financial markets.

Nevertheless, whila the annuel reports offer satisfying evidence of the health of the banking industry, the statements by the chairman of the big banks to their annual general meetings reflect some pre-occupation (doubt would be too strong a word) with the industry's capacity to meet the challenges from abroad.

Mr Rainer Gut of Credit Suisse points out that Swiss banks, which heve long operated as all-round banks offering customers a full range of service, are losing that competitiva advantage as deregulation takes effect abroad.

Mr Franz Galliker of Swiss Bank Corporation (SBC) sees a contradiction between this deregulation and the more rigorous supervision and reporting requirements to which the banks are being subjected by reguleting authorities at home. The debate about the future of Switzerland es an international financial centre goes on.

The figures show that asset growth among all the banks reporting to the National Bank averaged 10 per cent in 1984. The increase was certainly assisted by the strength of the dollar. Among the three big banks the growth ranged from 9 per cent at Credit Suisse to 14 per cent at Union Bank of Switzerland (UBS).

The net earnings reported by the big five (adding Swiss Volksbank and Bank Leu) climbed by between 13 per cent and 21 per cent. Among tha big three the return on equity was in the 8-10 per cent range. Profit growth is reported to have maintained its pace during the first three months of this year and forecasts for 1985 as a whole are cautiously optimistic.

Commissions

Some 45 per cent of the big banks' gross income comes from commissions and dealing in foreign exchange and precious metals. By contrast they achieved only a 1.8 per cent margin on their interest-bearing assets, much lower than that realised, for instance, by the West German banks.

The National Bank reported e 24 per cent rise in fiduciary deposits in the Swiss banks to a total of over SwFr 250bn ($97bn) last year—an indication of the surge in the off-balance sheet business of the banks.

The balance sheets, indeed, provide only a partial assessment of the Swiss banks' financial muscle, since they are not obliged to report all their reserves. This latent capital is generally accepted to be substantial and reinforces a capital-to-assets ratio of well over 5 per cent, the highest for any of the industriallsed countries.

Moreover, UBS and SBC both report charge-offs on bad debts equivalent to 0.13 per cent of their total loans, a ratio which is only about e quarter of that currently shown in the accounts of American banks.

Swiss banks' commitments to the so-called problem countries are less than SwFr 25bn, equivalent to roughly belf their capital and reserves. The sums owed to some leading U.S. banks by only three countries — Brazil, Mexico and Venezuele — are double own resources of those banks.

In assessing the prospects for Switzerland as a financial centre it must not be forgotten that the banks have for many years benefited from a liberalised regime and bave been able to develop strong international outposts. The daily volume of turnover of the Swiss foreign exchange market is put at around $20bn. That is only about balf the size of London's and is also smaller than Frankfurt'a but it is still a larger volume than that of New York or Tokyo.

In face of the deregulation in New York, London and, perhaps Tokyo the Swiss thus have international positions to defend and the financial strength to do so. A senior UBS executive makes the point:

"UBS is very strong as far as capital goes: we can cope with big business volumes and, if necessary, big exposures. Our policy must be to exploit this comparative advantage and we are going to do so."

Deregulation

Indeed, UBS has been putting this prescription into practice over the past few months, notably by buying a 29.9 per cent stake in Phillips and Drew, the London stockbroker, and announcing its intention of taking full control when allowed.

Credit Suisse has been equally aggressive, buying into London's Buckmaster and Moore, acquiring two West German banks and pushing strongly for a licence to do trust banking in Japan. SBC has applied for a full licence for its branch in Frankfurt and has been reinforcing with both capital and staff its branches and subsidiaries outside Switzerland.

The chairmen's preoccupations about their banks' competitive capacity are concerned largely with the domestic situation. This remains the case even though in e referendum last May the Swiss voters turned down by e three-to-one majority a constitutional amendment which would have relaxed the country's bank secrecy laws.

Tha concern is now focused on three main issues: the stamp duty, the revision of the Banking Act which has long been in the pipeline, and the modernisation of the stock exchanges.

The stamp duty is applied across the board to all trading in bonds and securities and, in the banks view, is a particular obstacle to tha foreign-to-foreign business in which Switzerland is supposed to specialise as a turntable for foreign capital flows.

The attitude of Mr Otto Stich, the Swiss finance minister, has been that the duty can be abolished, provided its contribution to federal revenue (a not unimportant SwFr 1.3bn last year) can be replaced by other means.

After the referendum the Government dropped its proposals for a total revision of the Banking Act and started to work on e partial revision. The banks oppose the Government's wish to incorporate into the Act tha agreement with the National Bank under which they undertake to exercisa care over the sources of their deposits. The proposed amendment would oblige the banks to satisfy themselves about the identity of the "beneficial owner" of the funds. This is intended to prevent funds of dubious origin from being accepted.

Stockbroking

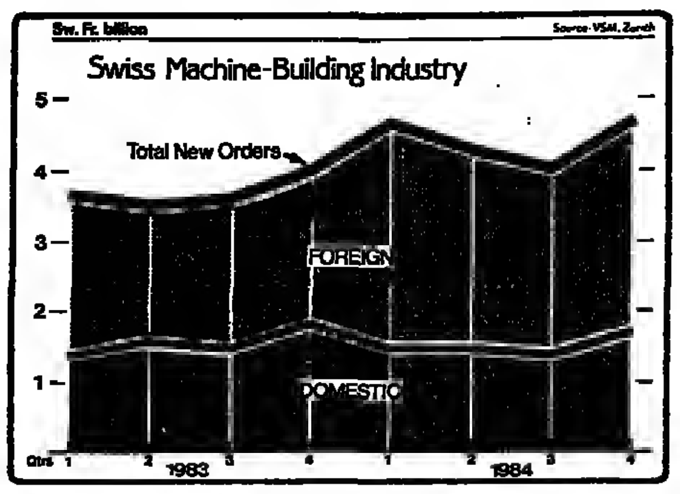
Another proposal, which the National Bank has favoured, is that official regulation should be extended to cover finance companies. This raises technical questions about the definition of a financa company.

The big banks dominate the Swiss stock exchanges by virtue of the weight of their own stocks on the domestic market, their stockbroking role and their control over the running of the trading rings. The need to renovate the exchanges, both in equipment and trading instruments, is recognised but—at least in the view of some foreign bankers—action has been tardy.

Tentative plans for the introduction of index options in shares and bonds in two years' time have been announced but the argument about whether the Swiss exchanges need to offer the full range of futures and options being offered abroad is still going on.

How the industrial sectors are faring in world markets

Pulling out of recession



Mechanical Engineering

JOHN WICKS

THE SWISS engineering industry is in the process of recovering from one of its stickiest periods ever. The export-orientated machine builders had been badly hit by the international recession of the early eighties, particularly since the small domestic market was in no state to compensate for flagging business abroad. By the second half of 1983, order books were the thinnest on record.

The past year has seen a general improvement, largely reflecting the growth in capital-goods demand from major export markets. This, together with the more favourable exchange rates, led to e 7.3 per cent increase in foreign billings for machinery, apparatus and precision-engineering products. According to a recent study by the Zurich-based Bank Vontobel, engineering companies with stock exchange listings turned a combined 1983 loss of over SwFr 100m into a 1984 profit of nearly SwFr 200m.

Results for 1984 are still not much to write home about. The Swiss Association of Machinery Manufacturers (VSM) puts the growth of members' turnover at little more than 3 per cent during the year, or hardly more than Swiss inflation, while actual output seems to have fallen.

Among the leading manufacturers, Sulzer and Von Roll booked a further group loss and Georg Fischer a minimal consolidated surplus, while Oerlikon-Bührle expects about a "balanced" profit-and-loss account. More important than these historic data, however, are the definitely encouraging signals from the corporate salesmen. Despite a slight drop in the value of home-market orders last year, the VSM reports a rise of more than 20 per cent in total new orders during 1984. The VSM has announced that total new orders reached a quarterly record in the first three months of this year, reaching SwFr 5.3bn on the part of 200 member firms. Within this total, export orders were up by 6.9 per cent over the corresponding first quarter of 1984 — despite tha large single contract for a Turkish power station placed early last year—to SwFr 3.5bn dne partly to orders booked by Swiss licensees for parts of the 'Leopard II' tank, domestic orders were higher by 23.7 per cent at SwFr 1.8bn.

The probable upswing will hardly be limited to the manufacturers' Swiss operations. Given the general improvement in the international economic climate, most foreign production subsidiaries should also have a better year.

Whatever the case, the industry is in better shape today than a couple of years ago. The unexpectedly long spell in the doldrums led manufacturers to tackle structural problems which did not look like solving themselves. Large-scale "re-dimensioning" projects were launched to cut costs and revise production programmes. The results can already be seen in improved operating economics.

The effects of restructuring have been noticeable in Switzerland itself. By the fourth quarter of last year, the total number of employees in the machine, apparatus and vehicle manufacturing industries had dropped to under 237,000—or less than 88 per cent the 1975 figure.

It seems unlikely that there will be much, if any, growth in this segment of the labour force in the coming years. Apart from the existence of considerabla excess capacities, most new investments are aimed at rationalisation and automation.

Over the 1980-84 period a total of 102 "industrial units" in the engineering sector have been closed down completely. Most of these have been only small factories, but there have been large-scale closures within the leading groups. A much-publicised move was that undertaken last year when the crisis-stricken companies Sulzer, Von Roll and Georg Fischer agreed on a plan to reduce total domestic capacity by one-third for steel forgings and 20 per cent for ferrous castings.

Even with the increase in orders, the industry has a long way to go before it can really claim to be thriving again. Order books are thicker, it is true, but still equal to some 7.6 months' production—as against over 10 months in early 1974. This is the highest level of work on hand since 1980—but must be considered in the light of the reduction in the workforce.

Also, the influx of new orders by no means necessarily promises a corresponding improvement in earnings. At a time of sharp competition, margins tend to be narrow; in the past years, not a few contracts bave been signed to keep the factories ticking over and retain market shares rather than with any realistic view to profits.

Certainly, profitability leaves a good deal to be desired for the machine-building industry as a whole. Even should the listed companies' combined earnings reach nearly SwFr 500m this year, as Bank Vontobel forecasts, this would levels.

Trembling on the edge of UN entry

Politics

WILLIAM DULLFORCE

THE SWISS have needed 40 years to get to the point where they might change their minds and join the United Nations. They will vote on the matter in a national referendum next March.

A majority of the Federal Council (government) and the *Assembly is in favour of joining* but the polls suggest that the electorate could say no. Campaigning will not start in earnest for another six months or so.

The preservation of neutrality was the main argument for staying out of the UN in the 1940s. However, the Swiss became members of some of the organisations that come under the UN, provided a home for several of them and occasionally contributed to solving disputes.

They have suffered little, if at all, from not being members but now that Switzerland has only Monaco, the Vatican and (for a different reason) the two Koreas to keep it company outside the fold, the politicians at any rate think it might be time to change policy.

Swiss politics evolve *through* a slow, conscientious assessment of self-interest and—sometimes—liberal or humanistic ideals. For many the grinding of linguistic, religious and economic interests through the mesh of cantonal politics and referend still epitomises the true democratic process.

Stifling

A few Swiss feel democracy has become corporativism and find life in their wealthy, satisfied political family stifling. As many of these are intellectuals they write books which apparently make little impact on that basic peasant shrewdness which tells most Swiss when they are on to a good thing.

At the moment domestic Swiss politics is turning its usual placid surface to the world. Stability is still assured at the Federal level by the four-party, centre-right coalition which has run things since 1959 and, having survived last year an attempt by left-wingers to take the Social Democrat party out of government, it looks safe for the next election in 1987.

The coalition currently has the nominal support of over 80 per cent of the 200 members of the Federal Assembly and e larger percentage in the 46-seat Council of States. It embraces the Radicals (54 members), the Social Democrats (47), the Christian Democrats (42) and the Democratic Union of the Centre, the former Agrarians (23).

It maintains the *Zauberformel*, the magic formula for the ratio (2:2:2:1) in which the four parties divide the posts in the seven-person Federal Council or government. The seven take it in turn to be president for a year, Mr Kurt Furgler, the Christian Democrat in charge of the Department of Public Economy, being in office this year.

Mrs Elisabeth Kopp, a Radical, became the first woman on the Council last year. In 1983 the Federal Assembly had rejected the nomination of Mrs Lilian Uchtenhagen, to fill one of the two Social Democrat places on the Council, leading to a crisis in which the Social Democrats threatened to break up the coalition.

A long perspective is needed to spot changing trends in the political makeup of Switzerlend, e gain of five seats in an election being the equivalent of a landslide elsewhere, but the Social Democrats have been on the decline since 1975, when they were the biggest party in the Assembly with 55 members.

They suffered a further setback last year when their proposal to ease Swiss bank secrecy was rejected by a 3 to 1 majority in a referendum. They are divided almost on a generation line between a right wing and a militant left whose efforts to introduce socialist aims such as worker control of companies repel even most trade union members.

A recent opinion poll found 72 per cent of the Swiss wanted to keep the "labour peace" which was originally negotiated in 1937 and which bans strikes during the term of a settlement between employers and employees.

The Radicals are the party currently in the ascendant, having gained seven seats in the Assembly in the last two elections. They have campaigned under the motto, "Less state, more liberty," against encroaching bureancracy.

Environmentalists

Stable it may be, but the Swiss political pattern is not immutable and new political groupings have been emerging, among them environmentalists, a consumer movement and even pacifists questioning the powerful role of the militia army in Swiss life.

The consumers' movement, led by an Independent MP, Mrs Monica Weber, won a famous referendum victory in 1982, when voters backed a proposal to install a monitor to keep an eye on prices. The discomforted opposition has since been fighting to have the mortgage interest rate kept out of the monitor's hands.

The Greens captured three seats in the Assembly at the last election but their influence through supporters in other parties and at cantonal level is much greater. They have mustered *majorities* on issues such as protecting forests from air pollution and are particularly effective in the cantons.

In foreign relations Switzerland epplies both tha hardnosed approach one would expect from e nation of businessmen and what Mr Edouard Brunner, the state secretary for foreign affairs, calls its "altruistic" side. This means that as neutrals the Swiss stand ready to offer services in obtaining peace, settling disputes or simply ecting as go-between.

At present, Bern represents 17 foreign powers in countries with which they are in dispute. It acts for Britain in Argentina, for instance.

And at the same time as it represents the U.S. in Iran, Switzerland has for the past couple of years been resisting what it considers to be American intrusion into its legal affairs over bank secrecy and insider trading.

Again compromises bave been worked out, a Bill on insider trading bas been sent to the Assembly but the Government aims at shielding the commercial interests of the banks. If it is not tenacious enough in doing so, somebody — perhaps some private bankers — will collect enough signatures for a referendum.

PROFILE: ARMIN BALTENSWEILER

At the helm of two giants

Armin Baltensweiler, chairman of Swissair and Sulzer Brothers: no mere figurehead.

WHEN Mr Armin Baltensweiler retired as chief executive of Swissair in 1982, it was not to a life of leisure. On the contrary, he not only took over as the airline's *chairman* but was *also* appointed to a similar position at the Sulzer Brothers engineering business. One man thus heads two of the country's most important companies.

While this situation is not wholly unknown in Switzerland—Mr Hans Gerber chairs both Hoffmann-La Roche and Zurich Insurance, for instance—it is understandably rare. Swiss board chairmen may not have the executive functions they are eften given in the Anglo-Saxon corporate world, but they are accorded substantial responsibilities in the running of their companies.

Even if the status allowed it, Armin Baltensweiler would not be content to settle down as a figure-head. He has had a dynamic career and today looks nowhere even approaching his 65 years.

Nor is he a business-school, "Organisation Man." The young Baltensweiler studied Aeronautical Engineering and aerodynamics at the Federal Polytechnic in Zurich, serving on the staff of his alma mater and as a research engineer at the Government's aircraft works before joining Swissair in 1948.

He had a vertical take-off at the airline. After a few months as a technical expert and instructor for Swissair in San Diego, he was called bome to set np and run an engineering division within the maintenance department.

By the time he was 36, he was appointed to the management to operate the planning services sector—which he had also created.

At 52, he was made one of Europe's youngest airline c.e.o's. Flying took up part of his time outside the office, too. He had both an aircraft and a glider pilot's licence, as well as serving as a captain in Switzerland's militia air force. In connection with his airline post, be was 1981-82 president of the International Air Transport Association (IATA) and servide a total of 15 years on IATA's executive committee.

By any standards, Mr Baltensweiler's ten-year presidency was a successful one.

Swissair was one of the *few* major airlines to weather the civil-aviation crises of the period without a loss. Without any government support, the company got through on a quality-first policy linked with a growing diversification into profitable non-flight services.

When times got really tough in 1982, the airline carried out a stringent cost-cutting programme—which some say would have not been accepted as easily as it was had it not been for the personal popularity of the 'boss."

His early move upstairs was a question of expediency. When the chairman's post became vacant in 1982, the board decided not to go outside the company but rather to promote Mr Baltensweiler three years before his official retirement age.

At the same time, Sulzer Brothers' chairman Georg Sulzer decided to withdraw from business at the age of 72 and asked his friend Mr Baltensweilter, who had already been a Sulzer director for some years, to succeed him. "I was an engineer, I saw it as a challenge and I thought I should fit in well," says Mr Baltensweiler today.

For the past three years, then, he has been shuttling the few miles from Swissair's headquarters near Zurich Airport to Sulzer's Winterthur offices. He is anything but an absentee chairman and delegates many of the more ceremonial duties.

On foreign trips, he frequently combines Swissair and Sulzer business—as this month, when he visits China both for the ten-year anniversary of the air route to Peking and to see Sulzer licensees.

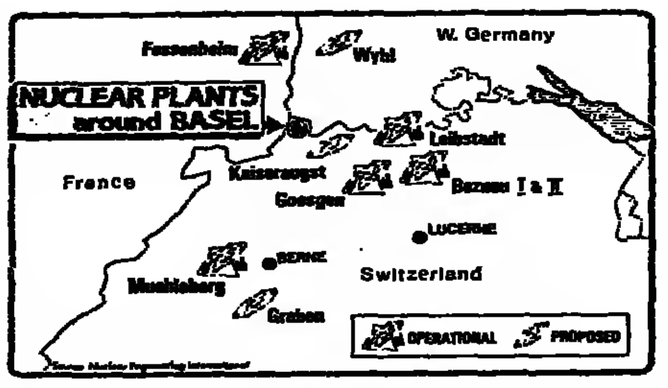
The two companies have no corporate links nor is there moch operational connection between them. Mr Baltensweiler feels there are a number of similarities, though. Switzerland is much too small for either firm as anything but an operational base, be points out, while both Swissair and Sulzer must offer high levels of quality and service.

John Wicks

Waste fear shadows nuclear power

Energy

W. L. LUETKENS



ENERGY policy in Switzerland has been overshadowed for more than 10 years by the great debate about the proposed nuclear power station at Kaiserangst, near Basel.

In April of 1975 the sito, where excavations had already begun, was occupied by 10,000 anti-nuclear demonstrators. When they left 11 weeks later work had been suspended. It has never been resumed.

Now, 10 years later, Kaiseraugst has a general building permit endorsed by both the Swiss Government and the Parliament, which have come to the conclusion that the country needs the power from what would be the sixth nuclear power station.

In theory all that needs to be done is to go through e process during which planners and regulatory authorities ensure that the best known safety standards are adhered to. That should take about three years. Construction could then begin and power could come on stream in the mid-1990s.

But things are unlikely to go so smoothly. One obstacle will have to be crossed this year. The Swiss Government wishes to be assured by the end of 1985 that there are feasible means of disposing of spent nuclear waste. The report of an official agency which has examined rock structures with a view to establishing their suitability for this purpose has already been submitted.

Difficulties

In theory, if the Government takes o negative vlow of this report and of possiblo final disposal abroad, it would have to stop the existing five nuclear power stations as well as the Kaiseraugst project. In practice such a reverse doomsday scenario is unlikely to become true.

Kaiseraugst is more likely to run into renewed political difficulties. Many Swiss who are not opponents of nuclear power nevertheless wish that Kaiseraugst would go away quietly. They are afraid of renewed occupations and of regional strains which could cause a great deal of trouble.

That is why Dr Michael Kohn, President of Motor Columbus, tho engineering company in charge at Kaiseraugst, says that a battle has been won, with the issue of the Government permit, but not the war.

There is bitter opposition to the plant in the two cantons of Basel, close to the proposed site. In a national referendum last year on nuclear power, the two Basels voted firmly against the construction of any more nuclear power stations in Switzerland, but found themselves on the losing side.

The Baselers' case against Kaiserangst is that their part of Switzerland is already overloaded with nuclear power as well as with the pollution and supposed hazards associated with the local chemical industry.

The simple way out of choosing another side for the controversial plant is almost certainly barred because local opposition would be unsurmountable egainst a project that had been deemed unacceptable in the Kaiseraugst erea.

Dr Kohn makes a virtue of necessity by arguing that a nuclear plant is less of an environmental nuisance than eny other form of thermal power generation.

And indeed, there are signs that anti-nuclear feeling may be ebbing because of environmental worries caused by pollution from sulphur and nitrous compounds emitted from internal combustion engines. The health of their forests is no less dear to the Swiss than to their German neighbours.

In terms purely of energy policy, the argument about Kaiseraugst revolves around the question of need. The Government, which is concerned about security of supply, believes that Switzerland will run into power shortages by the mid 1990s unless new capacities come on stream.

Resources of hydro-power, at present the source of two-thirds of the electricity generated in Switzerland, are almost fully exploited: existing capacity can be increased by at most 7 per cent. Demand for electricity is expected to rise by around 2 per cent a year, so that sources other than water power need to be brought in.

Environmental objections will prevent edding to existing, modest facilities for generating power from oil or re-introduction of coal, which was ebandoned as e source of electric power some years ago.

That leoves as the only alternatives nuclear power or imports. Switzerland always has been a seasonal importer of electric power, hut is a net exporter over the year as a whole.

The opponents of Kaiseraugst point out that there is power available from France which, they say, could postpone the expected shortage until the end of the century.

Parenthetically, though it is saddled with surplus power, Electricite de France is a shareholder in Kaiseraugst. One reason is thet this stake gives France e share in the General Electric (U.S.) boiling weter reector technology against the Pressurised Woter Reactor standard in France.

Shortages

Whether shortages occur in the mid-1990s or ot the outset of the 21st century makes only a few years' difference. If the Government's objective is to he reached of having domestic supplies capable of meeting home demand in 19 yeors out of 20, and unless some quite unexpected source of power turns up soon, Switzerland will have no alternative to increasing its nnclear capacity, unless it be drastic measures of economy.

The incentive to economy provided by the two oil shocks was considerable. Increased use of electricity and, to a lesser degree, imported natural gas, reduced the share of oil in overall energy consumption in Switzerland from two-thirds in 1973 to less than half in 1983.

During tho same period total energy demand rose by 0.6 per cent per year, while GDP (gross domestic product) rose at an annual rate of 2.1 per cent.

But patterns seem to have changed subsequent to 1982 as the effects of the oil shock wore off.

Last year, which was a time of economic expansion, saw record energy consumption of 712,630 terajoules (million million joules).

This is of some concern to the authorities, especially since projections indicate that all other things being equal consumption of oil may rise steeply, especially in the form of motor fuels, by the end of the century.

The reasons for this concern are rooted as much in environmental considerations as in purely economic ones and those of security of supply.

The Government has been refused wide powers to impose economy measures by an electorate ever suspicious of state intervention. It is now painfully trying to cobble together e series of substitute economies to be taken by itself or by individual cantons. It is hard going in a confederal state where the cantons are jealous of their rights.

For a start, as an environmental measure with the desired side-effect of economising petrol, top speeds have been reduced to 120 kph (about 75 mph) on motorways, and 80 kph on highways. (That is more than the Germans have so far contrived to do for their woods.)

Building regulations are being tightened to ensure that better insulation is installed. A consultancy commissioned by the building workers' trade union has estimated that properly carried out measures of that kind could provide 200,000 man years' occupation for the building industry and its suppliers, in addition to saving fuel.

The International Energy Authority (IEA) in Paris has advised the Swiss Government to continuo down this road. But there is no doubt in Berne that it will be a difficult one.

Mr Leon Schlumpf, the Federal Councillor (minister) in charge of energy, has already hinted that the electorate may havo to be asked once again to give greater powers to the Federal Government. On current form, tho electorate might very well say "no."

If such powers are refused or not asked for, tho purely economic case for Kaiseraugst would become stronger than it already is.

The IEA has also advised the Governmont to assure a planned expansion of nuclear and hydro-electric power generation capacity by further encouraging public acceptance. Given the public mood, that is more easily said than done. It sounds like a policy-makers' nightmare.

Profits running at record levels

Chemicals

JOHN WICKS

THE SWISS chemical industry continues its rapid growth. Largely because of a rise in exports, turnover last year reached a level 60 per cent up on that for the mid-1970s. Output went up by a further 5.6 per cent in 1984 and has thus expanded more than 2½-fold over the past two decades.

Profits are running at record levels. All in all, the Swiss Society of Chemical Industries (SGCI) says business was "gratifying."

In fact, Switzerland's chemical companies did even better than the national figures indicate. Compared with the 9.6 per cent growth in Swiss sales reported by SGCI, group turnover of the four leading Basle concerns—Ciba-Geigy, Hoffmann-La Roche, Sandoz and Lonza—expanded by an averago of about 14.5 per cent. Nor was this simply a reflection of the strong dollar; indeed, turnover of the Roche and Sandoz groups increased faster in terms of local currency than in Swiss francs.

Earnings improved even more substantially. A Bank Vontobel study claims that chemical companies with stock exchange listings will show 1984 profits up by more than one-third over those for the previous year.

Ciba-Geigy, the biggest of them, has already come up with an increase of 53 per cent—this in the face of o considerable write-off on the former Schelde Chemie joint-venture (with Bayer) in North Germany.

This year seems to be shaping up for yet another set of record results. Government figures show that chemical exports rose by 11 per cent in the first quarter—after o 10.6 per cent rise for calendar 1984—to SwFr 3.6bn. A 13 per cent growth in chemical imports in the same period points to further expansion in the Swiss industry, a large share of these being supplies for the manufacture of chemical and pharmaceutical specialities.

The volume of new orders has been growing for months now, so that order books in tho final quarter of 1984 were fatter by 20 per cent than those of e year earlier. The extensive foreign manufacturing facilities of Swiss companies are also benefiting—probably at least as much as those in Switzerland—from the general economic up-swing.

It might sound suspiciously like carping when the association contends that "profits are still not enough to meet chemical-industry needs." However, the highly-specialised industry relies on a constant flow of new products and new processes, tho cost of which is escalating from year to year.

Last year, Basle'e "Big Four" increased their combined research - and - development spending by 16 per cent to nearly SwFr 3.3bn, this over and above the SwFr 1.9bn they recorded on capital expenditure. The Roche group is today laying out about 14 per cent of consolidated turnover on R and D work.

The point is that return on sales is now very high—and still below the 1973 peak. Also, shareholders are now getting a little more of tho action; in respect of 1984, all Basle companies havo declared increased dividends. (Not that Swiss chemical shares are exactly high-flyers with their average yiold of 1½ per cent.)

Innovation is becoming increasingly expensive at the samo time as the share of new products is growing in the companies' production programmes. The benefits of innovetion are also genorally less marked than a few years ago.

Regulations

After the long licensing procedures for pharmaceuticals or agro-chemicals, there is not much time for even a revolutionary new product to act as o money-spinner. This is aggravated by the erosion of patent protection in many countries and the growing support of public-health authorities for generic and cheap copy-cat medicines.

Government policy can play a decisive role in setting the scene for the pharmaceuticals sector in particular. Restrictive price regulations, which apply to a considerable degree even in laissez-faire Switzerland itself, naturally have an immediato effect on the earning power of a product, while unexpected decisions like that of the British Government with its April 1 "black list" can suddenly throw all calculations out of the window.

The UK move will, for example, mean a loss of about 60 per cent of Roche's total British sales—and will probably lead to a cutback in activity at the group's Welwyn Garden City subsidiary.

A political decision in Switzerland could soon mean a complete rethinking of the Basle industry's R and D programmes. Acceptance at the polls of an animal-protection referendum motion would make animal tests virtually impossible—so there would be a large-scale shift of research facilities to foreign subsidiaries.

A study published by the chambers of commerce organisation shows that of the SwFr 3.4bn (about £1.1bn) spent by the Swiss chemical industry in 1983 on research and development, SwFr 1.5bn was spent outside Switzerland.

For all these problems, it would be churlish of the industry to complain too loudly. Last year, only the—now relatively insignificant—fertilisers industry suffered a setback, at least going by the export figures.

The same picture emerges from the reports of the individual companies on their group-wide activities, with pharmaceuticals turnover well up (if at a rate rather below overall sales increases), agro-chemicals bouncing back after the lifting of the American payment-in-kind crop-containment programme and dyestuffs recovering after a long period in the cyclical dumps.

All the companies are now enjoying the fruits of the often drastic restructuring measures started in the early 1980s. At the same time, they continue to prune their activities on one hand—as exemplified by the recent sale of Ciba-Geigy's Airwick Division to Reckitt and Colman—while expanding elsewhere.

Bank Vontobel forecasts e further rise in the profits of listed chemical/pharmaceutical companies of approaching 10 per cent for this year.

Nor ore there any signs of really sharp deteriorations on foreign markets for Swiss chemical products as a whole, despite individual setbacks like that of the Roche group in Britain. All in all, 1985 could prove yet another bumper year.

How the Big Four performed

	Ciba-Geigy 1983	Ciba-Geigy 1984	Roche 1983	Roche 1984	Sandoz 1983	Sandoz 1984	Lonza* 1983	Lonza* 1984
Turnover (SwFr m)	14,741	17,474	7,510	8,275	6,546	7,434	1,329	1,533
Group profits (SwFr m)	1,776	1,187	328	380	320	411	17†	22†
Investments (SwFr m)	830	1,007	454	456	270	304	102	136
R & D SwFr m)	1,248	1,456	994	1,143	550	634	47	55
Dividend per share (proposed for 1984) in SwFr	35	31	600	575	90/18	80/16	75	50

* Subsidiary of Alusuisse group. † Parent-company profits.

Switch to Swatch heralds revival

Watches

WILLIAM DULLFORCE

DOES the Swatch herald summer for the Swiss watch-making industry? The remarkable success of that cheap, quartz watch, mass-produced in a variety of coloured plastic, has been a powerful morale booster, but its contribution to the overall value of exports is small and it may prove to be a passing fashion.

The question therefore remains unanswered, but it should at once be said that there is much other evidence to support the view that the Swiss watchmakers are organising a genuine comeback and are beginning to resist successfully the onslaught of the Japanese.

Exports, for example, climbed by almost 13 per cent last year to a total value of SwFr 3.84bn ($1.5bn), confirming that Swiss timepieces still have the largest share of the world market.

The rate of export growth speeded up to 17.7 per cent in the first quarter of this year with revenue reaching SwFr 933m. Two-thirds of the increase came from the U.S. market and is thus attributable in part to the strength of the dollar.

Second, Asuag-SSIH, the merged group rescued by the banks in 1983, returned to profit in 1984 and is expected to return to the control of a private investors' group later this year. Asuag-SSIH is the heart of the industry, generating more than 40 per cent of the exports. The company is a major supplier of components to other watchmakers.

Furthermore, the industry is now well along the path of technological renewal. The Swatch with its technique for bonding components to the case, its high-pressure die-casting system and robotised production again symbolises the progress made. That apart the switch from mechanical watches, to which the Swiss were too long faithful, to electronic timekeepers is far advanced.

Some shading in the picture is needed to get the perspective right. While the Swiss pushed up exports last year by almost 13 per cent, the Japanese are estimated to have increased theirs in yen terms by over 14 per cent. The challenge remains.

Exports in both yen and francs benefited from the increase in the value nf the dollar. The average price of the Japanese watches has been increasing and last year they made inroads nn the Middle East market, where Japan has been making a considerable marketing effort, to balance the cost of its oil imports from Arab producers.

The movement of the dollar this year will be crucial for bnth Swiss and Japanese exports. M Francois Milliet, the chairman of Asuag-SSIH, gave a warning this month that the industry's 1985 performance would be vulnerable to outside factors.

Asuag-SSIH itself is not yet out of the woods. Its Omega subsidiary, whose ambitions led to nver-production and an accumulation of stocks, remains a problem, even if its losses are reported to have been sharply reduced last year.

Other group companies producing watches in the middle price range still bave tn be turned round. A company has just been set np in the U.S. together with Timex to sell a new Tissot watch and a big advertising campaign has been planned.

The management is reticent about its plans for other weak units, having learnt from past experience that it is better to keep Japanese competitors guessing than to disclose intentions prematurely.

The restructuring programme announced at the time of the merger was scheduled to last until the end of 1985 and the new management is still battling with the difficulties of co-ordinating the production systems and marketing practices of well over 100 companies, many of them with entrenched chief executives able to call in local political support to defend them.

Mr Nicolas Hayek, the consultant who drew up the recovery plan, and Mr Stephan Schmidheiny, a wealthy businessman, bought 7 per cent of the Asuag-SSIH shares last November and they have an option to increase their stake to 51 per cent. A group of private investors is being put together and should take over before August.

M Pierre Arnold, the successful managing director of the Migros retailing stores, without which many Swiss say they could not afford to live, became chief executive of Asuag-SSIH on April 1. He will lead a small top management team which includes Dr Ernst Thomke, the father nf the Swatch. Thus, a powerful, dynamic management motor has been inserted into the group.

The success of the Swatch is so far unchecked. Launched only in 1983, it exceeded expectations last year, when 3.7m Swatches were sold. The company has budgeted for more than double sales this year, the bulk being placed on the U.S. market.

Dr Thomke recognises that the Swatch is a fashion which may not have a long life. Plans are laid for a new project, should its sales falter, but in line with the new strategy no hint is being released to alert the Japanese.

The 1984 statistics from the Federation of the Swiss Watch Industry show that the fall-out is continuing among the watchmakers. The number of *maisons* in business declined by over 50 to 634 (there were 2,332 in 1956) while the number of employees fell by 2,400 to just under 31,000. As late as 1970 the industry was still providing work for some 90,000 people.

It can be argued, however, that 600 watchmaking units is still too many, even if most of them are *établisseurs* or assemblers, adding their own design and marketing to the movements and components they buy largely from ETA, the component-manufacturing subsidiary of Asuag-SSIH.

How the watchmakers performed

	1981	1982	1983	1984
Number of maisons	793	727	686	634
Employees	45,885	38,151	33,396	30,978
Exports of watches				
units (m)	25.2	18.5	15.7	17.8
value (SwFr bn)	2.88	2.75	2.68	3.06
Exports of movements				
units (m)	19.9	12.7	14.6	14.5
value (SwFr m)	382.5	256.4	247.1	234.9
Exports of components				
units (m)	27.5	14.5	12.6	14.6
value (SwFr m)	160.5	81.0	76.8	98.4
Total value of exports (SwFr bn)	3.9	3.5	3.4	3.8

Source: Federation of the Swiss Watch Industry

Success brings problems

Tourism

W. L. LUETKENS

The all-year resort of Anzere, 4,500 feet above Sion in the Valais

THE TOURIST industry of Switzerland is doing badly or well, depending entirely upon how you look at it.

It is losing market share in a world of ever more and ever more distant holiday haunts: but it is holding its own against the adjoining Alpine regions with amenities closely comparable with its own.

It contributes a healthy SwFr 9bn (about £2.9bn) to the country's foreign exchange revenue. A record SwFr 3bn is left after deducting Swiss tourist expenditure abroad. But its own profitability is often inadequate.

It profits from a classic mixture of mountains, lakes and picturesque towns and villages but its very success may be threatening the goose that lays the golden eggs. In many traditional holiday areas a rasb of chalets and apartment houses, frequently built to unsuitable urban designs increasingly disfigures the landscape. Ski lifts built to serve the winter sports boom, slash through woods and meadows.

How golden are the eggs that the goose is laying? The SwFr 3bn net contribution of the tourist industry to the external account of Switzerland is a big item. It is substantially more than ooe-third of last year's surplus on external current account of SwFr 8.5bn.

The amount includes spending in hotels, restaurants and the like, and travel and purchases made in Switzerland by foreign visitors. The latter amount, which can only be estimated, is extremely important. It is one reason, among others, why a German tourist in Switzerland spends 2½ times as much as his compatriot in Austria.

That figure tells you a great deal about tourism in Switzerland. The Swiss have for long occupied a higher and hence more expensive market niche than their eastern neighbours. The habit of letting rooms in one's own house, widespread in Austria (or among traditional English seaside landladies), plays a lesser role in Switzerland.

Instead, besides the 280,000 beds available in hotels, motels, inns and pensions, there are 860,000 beds available mainly in chalets, holiday apartments, camping grounds and caravan parks. The latter sector is known to the Swiss as "para-botellerie."

Last year that sector booked a total of 38.8m overnight stays, 14.5m by foreigners as against 35.6m in the botellerie sector, 20.6m of them foreigners. The hotel sector last year increased the number of overnight stays by foreigners by a modest 1.7 per ceot whereas the "para" sector lost 8.2 per cent.

That setback was caused largely by the big West German strikes in the spring of 1984, which caused many Germans to abandon or at least to curtail their summer holidays. But there is a gentle drift away from para-hotellerie.

Switzerland, with its reputation for providing value for money—even if the price is not low—should be in a position to take advantage of that tendency.

Some doubt is permissible whether Swiss hoteliers as a group are in the best position to take advantage of that trend. In the cities, hotels are generally profitable and thus able tn prepare for the increasing number of tourists who—not only in Switzerland—aim for internationally famous towns rather than for lakesides and mountains. But out of town, the Swiss hotel trade is highly seasonal, so that profits are often insufficient to finance desirable investment.

The great winter sports boom of recent years has been of some belp in this context. Because the winter sports fans generally spend more money than the summer tourist, facilities for the summer may be neglected. Some resorts already do 70 per cent of their business in winter.

The danger is that the employment of available capacities which was raised by the winter boom, will fall away again if too much attention is devoted to the skiers at the expense of bathers, ramblers and others who come in summer.

To show the extent of the problem of seasonal business: Prof Jost Krippendorf, head of the institute for research into tourism at Berne University, estimates that in the hotellerie sector the occupancy rate of existing capacities is the equivalent of three-four months compared with tourists seasons adding up to five months a year.

Prof Krippendorf is a strong advocate of expanding the hotel style of tourism on the grounds that it provides almost four times the revenue and four-five times the jobs produced by a comparable number of people put up in the "para-hotels."

Following Prof Krippendorf's prescription will evidently require vigorous marketing efforts on the part of individual hotel businesses, regions, and at federal level. The latter is the business of the government-supported Swiss National Tourist Office in Zurich with its string of offices outside Switzerland.

The General Manager of the SNTO, Dr Walter Leu, says that in his view the general drift towards shorter working hours in the industrialised countries is unlikely to be unaccompanied by increases of real income achieved at a similar rate.

He concludes that these trends will benefit the classic tourist regions, such as Switerland, and within Switzerland itself regions like the Bernese Oberland and the Valais, at the expense of more exotic holiday haunts that have come into fashion in recent years.

But he also believes that marketing strategies will have to be planned to respond to an increasing trend towards impulse buying of packages and other holidays. To this end the SNTO is beginning to feed regularly updated information about both Switzerland as such and about snow and weather conditions in certain resorts, into publicly accessible data banks such as the Prestel system in Britain or BTX run by the West German post office.

To counteract the danger that the winter season will take away custom from the summer season, Dr Leu and the SNTO are planning to celebrate 1987 as the 200th anniversary of tourism in Switzerland. The choice of the year itself may not be quite precise historically speaking, but by and large it will do.